



Membership Report | November 2017

Agenda

- Financial Commentary
 - 2017 Budget/Actual Net Income
 - Actual/Budget Variance
 - Total Managed Assets – On- & Off-Balance Sheet
- Liquidity Commentary
 - Historical Member Overnight Deposits
 - 2017 Average Monthly Member Borrowings
- Capital Commentary
- Interest Rate Risk/Net Economic Value Report – September 2017
- Board Meeting Recap
- Calendar of Events – December 2017



Financial Commentary

Net Income for October was \$226,804, above budget by \$40,271 or 21.6% for the month. Net interest income was \$26,903 or 7.0% higher than budget due to higher rates than budgeted and lower overnight balances than budgeted. Non-interest income was \$48,771, or 12.9% higher than budget due to more usage of services, strong commission income for SimpliCD and line of credit fees. Operating expenses were higher than budgeted by \$18,272 and 3.6% due primarily to financial services costs, salaries and travel/conferences. Also included is the CUSO loss of \$6,866 due to the anticipated fiscal year-end loss for ISI. PCC dividends were \$3,765 or 5.4% more than budget. The year-to-date coverage ratio (fee income/operating expenses) is 79.6% which exceeds the 2017 goal of 75.2%.

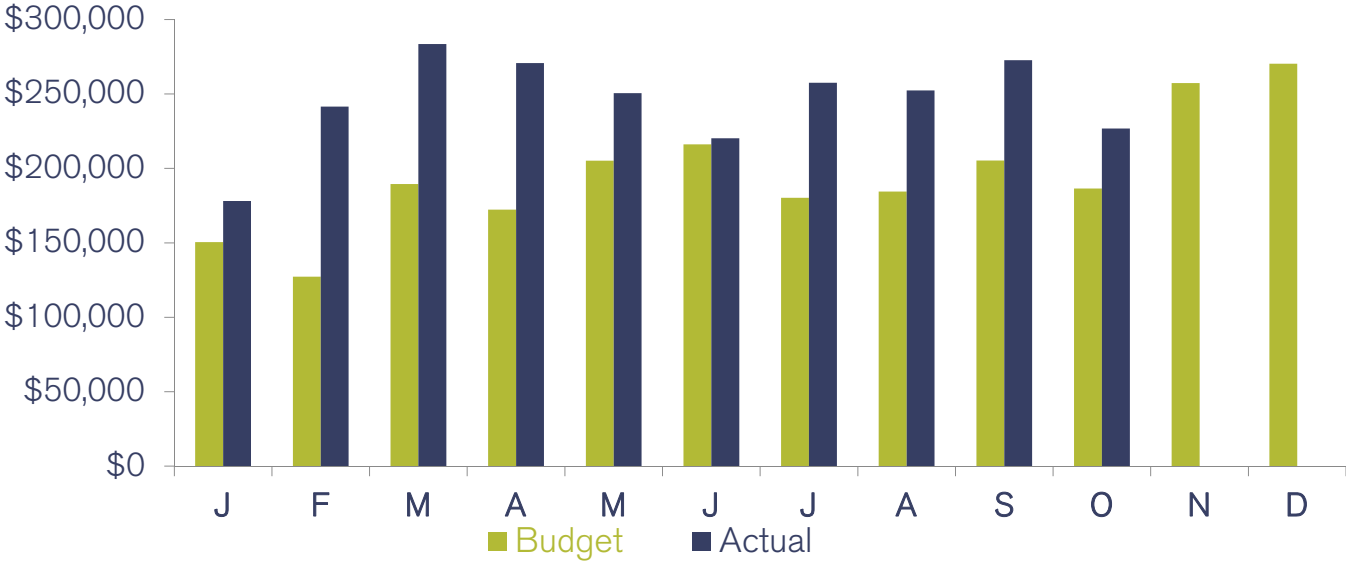
Return on Assets (ROA) has remained strong as the year-to-date ROA after the first ten months of the year is 47.0 bps on average assets of \$626.8 million.

Millennium Corporate's daily average net assets (DANA) for the previous 12-month period – which is used for the calculation of our capital ratios – was \$622.0 million at the end of October, a decrease of \$1.5 million from the previous month.

Millennium Corporate is defined as "Well Capitalized" and we ended the month with Retained Earnings of \$12,237,089 representing a Retained Earnings ratio of 1.97% and a Tier 1 ratio of 5.46%.



2017 Budget/Actual Net Income



YTD Actual/Budget Variance

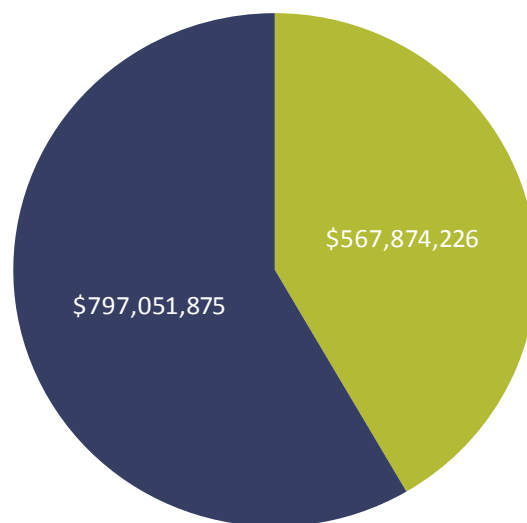
October 2017 YTD <i>(In Thousands)</i>	Actual 2017	Budget 2017	Variance
Net Interest Income	\$3,899.5	\$3,572.2	\$327.3
+ Non-Interest Income	\$4,030.1	\$3,759.9	\$270.2
- Operating Expenses	\$5,062.8	\$5,030.8	(\$31.9)
= Net Operating Income	\$2,866.8	\$2,301.3	\$565.5
+ CUSO Gains/Losses	\$85.8	\$67.1	\$18.7
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$529.5	\$558.6	\$29.1
+ Other Gains/Losses	\$31.0	\$0.0	\$31.0
= Net Income	\$2,454.2	\$1,809.7	\$644.5



Total Assets | On- and Off-Balance Sheet

October 2017

Total Managed Assets - \$1,364,926,101



■ On-Balance Sheet ■ Off-Balance Sheet*



Liquidity Commentary

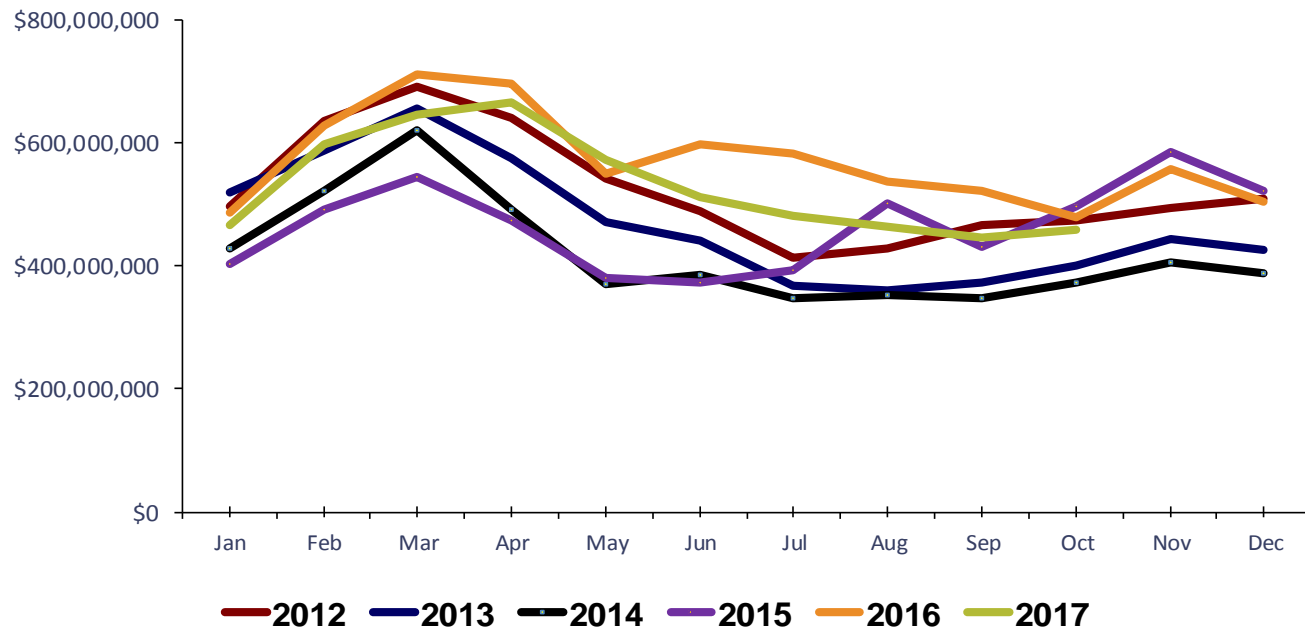
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in October 2017. Millennium Corporate currently has a Collateralized LOC of \$179.6 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Average member credit union daily loan balances have been decreasing since the end of September. Loan balances averaged \$25.6 million in October and declined to \$11.1 million for most of November.
- October month-end figures show SimpliCD issuance totals of \$148.6 Million and 19 users of this liquidity option.

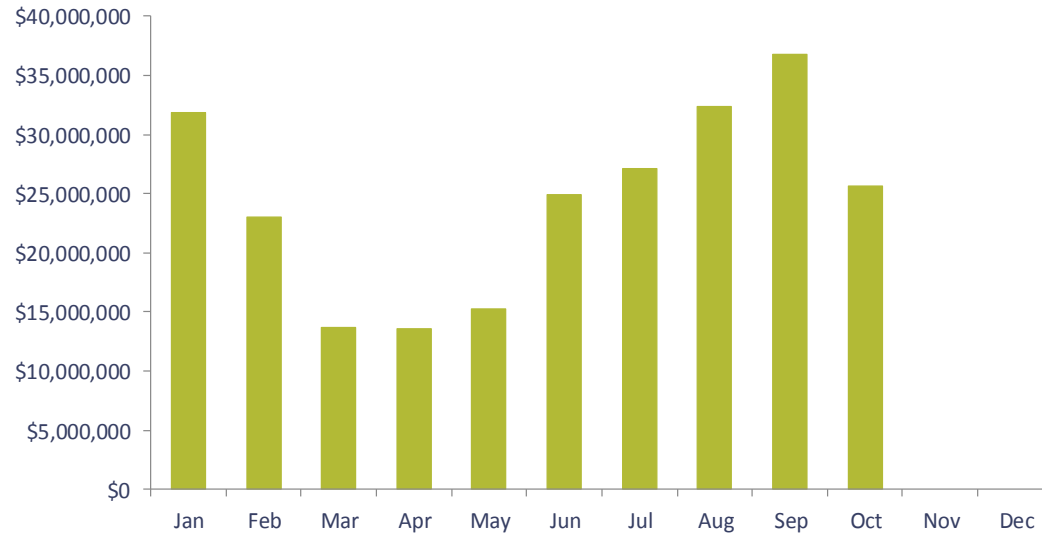
Graphical representations of the seasonal activity of member overnight deposits since 2012, and average member borrowing activity for 2017 follow this commentary.



Historical Member Overnight Deposits



2017 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results September 2017						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
Base Case	\$66,820,280	-	-	9.82%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$65,771,243	(\$1,049,037)	(1.57%)	9.69%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS

Millennium Corporate passes both the required minimum NEV ratio and the maximum change limitation in the +300 rate shock scenarios.



Capital Commentary

- Increase to Retained Earnings during the past 12 months, through October 2017, is \$2,791,049
- Retained Earnings ratio is 1.97% as of October 2017 versus 1.44%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's October 2017 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 1.97% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 5.46% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 39.0% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 76.8% | Minimum Requirement – 8.00%
 - GAAP Capital – 10.68%



Board Meeting Recap

Board of Director's Meeting – November 16, 2017

- Approved October 2017 Financial Statements & Committee Reports
- Approved September 2017 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management..
 - 2018 Annual Membership Meeting will be April 26-27 at The Fontaine in Kansas City (Country Club Plaza)
 - Millennium Management Team held all day meeting to develop a proposed Strategic Plan in draft form to deliver at Dec/Jan meeting
 - Continued due diligence for our new safekeeping vendor
 - Had a very constructive dialogue session with representatives of Heartland CU Association
 - Participated in a conference call with CUNA and other corporate credit unions regarding membership
 - Hired a new employee – Cristian Castaneda, IT Support Specialist
 - In November, a Millennium member sold \$2.1 million in loan participations via LoanStreet to increase liquidity - one of the buyers was another Millennium member who bought half of the amount – benefiting both members



Board Meeting Recap

Reviewed the financial results of our CUSO investments...

- Primary Financial Company, LLC (SimpliCD) had net income of \$796,237 for 3Q 2017. The company has total equity of \$20.4 million, representing an equity ratio of 39.9% as of September 2017. Millennium's current ownership percentage is 12.0%. Millennium ended September at an all-time high with outstanding SimpliCD balances of \$502.4 million and SimpliCD issuance of \$148.4 million, an option used by Millennium members to generate additional liquidity.
- CU Business Group, LLC (CUBG) had year-to-date net income of \$145,314 for 3Q 2017. Total equity is \$2,246,950, representing an equity ratio of 59.5% as of September 2017. Millennium's current ownership percentage is 4.41%.
- CU Investment Solutions, LLC (ISI) had a net loss of \$183,590 for the quarter and a year-to-date loss of \$246,193. ISI's fiscal year runs from October 2016 through September 2017. Double-digit loan growth by credit unions has negatively impacted investment activity as credit unions have not reinvested maturing investments. As of September, ISI had retained earnings of \$830,294, reflecting an equity ratio of 43.0%. Millennium's current ownership percentage is 25.0%.



Board Meeting Recap

Board of Director's Meeting – November 16, 2017

- Board training for AML/BSA, USA Patriot and OFAC
- Steve Borchers, Millennium's independent risk management expert, presented and the Board approved, the quarterly ERM Board Report accepting the current residual risk level of \$1.1 million and 9.1% of retained earnings.
- Board approved minor revisions to the Asset-Liability Management Policy. Based on a recommendation of the ALCO, Chairman Kjar appointed Walter Thompson to the ALCO.
- Board approved the 2017 annual Policy Manual review
- Based upon discussion at our recent planning session regarding the impact of the Federal Reserve's Faster Payments Task Force, FinTech companies, CUSOs and other entities – we invited Jon Budd, CEO of Juniper Payments, to attend the Board meeting in person. Jon shared his (and Juniper Payments) perspective on the ongoing changes in payments systems. The Board and management had a good dialogue and we are confident that we are keeping abreast of changes in the market, partnering with the right players to provide the gateway we need to provide financial products and services in a cooperative fashion.



December 2017

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
27	28	29	30	1
4	5	6	7	8
11	Millennium Credit Committee Meeting	13	14	15
Millennium Supervisory Committee Meeting	19	20	Millennium Corporate Board & ALCO Meetings	22
25 Christmas Day- Millennium Offices Closed	26	27	28	29