



Membership Report | April 2017

Agenda

- Financial Commentary
 - March 2017 Commentary
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 - Actual/Budget Variance
 - Total Managed Assets – On- & Off-Balance Sheet
- 1Q Financial Review
 - Non-Interest Income Trends
 - Operating Expense Trends
 - Historical Coverage Ratio
 - Off-Balance Sheet Activity – SimpliCD & ISI
- Liquidity Commentary
 - March 2017 Commentary
 - Historical Member Overnight Deposits
 - 2017 Average Monthly Member Borrowings
- Capital Commentary
- Interest Rate Risk/Net Economic Value Report – February 2017
- Board Meeting Recap
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Financial Commentary

Net Income for March was \$283,548, above budget by \$93,998 or 49.6% for the month. Net interest income was higher than the budget due to higher return on assets and slightly higher asset growth than projected. Non-interest income was higher than budgeted for all areas. Operating expenses were \$6,376 and 1.3% lower than budget. CUSO gains were slightly higher than budget. PCC dividends were lower than budget. The year-to-date coverage ratio (fee income/operating expenses) is 82.1% which exceeds the 2017 goal of 75.2%.

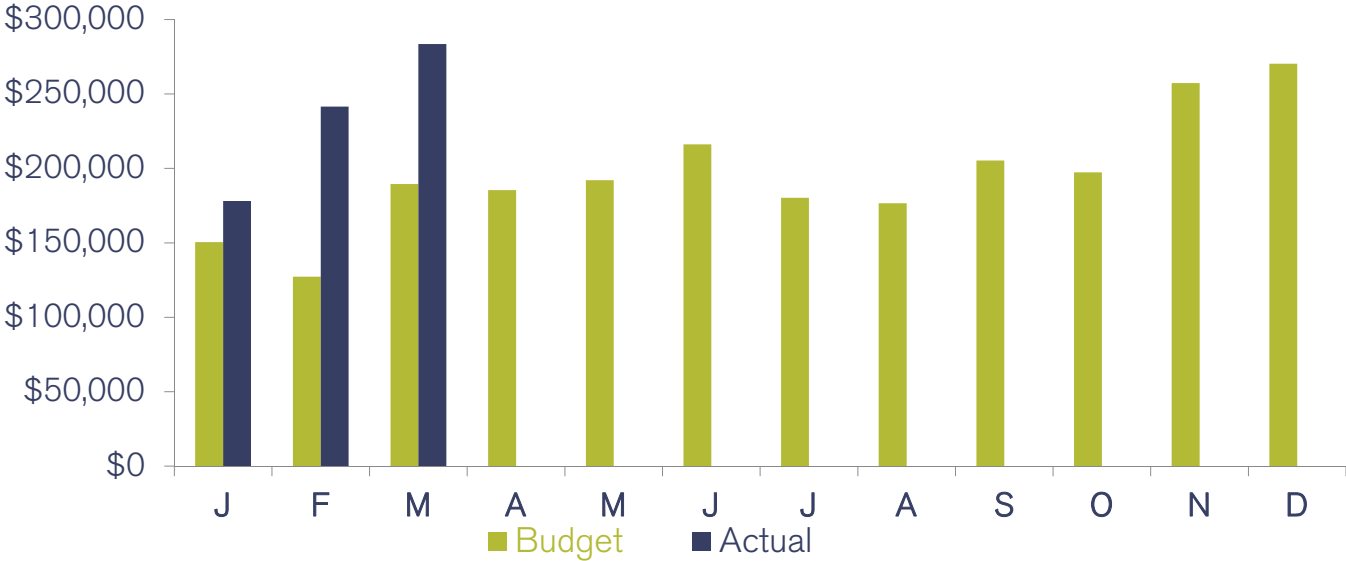
Return on Assets (ROA) has started the year strong as the year-to-date ROA after the first quarter is 42.1 bps on average assets of \$667.7 million for the first three months.

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 \$648.5 million at the end of March, a decrease of \$1.6 million from the previous month.

Millennium Corporate exceeds the minimum for all capital ratios under the regulation and ended the month with Retained Earnings of \$10,485,998 representing a Retained Earnings ratio of 1.62% and a Tier 1 ratio of 4.76%.



2017 Budget/Actual Net Income



YTD Actual/Budget Variance

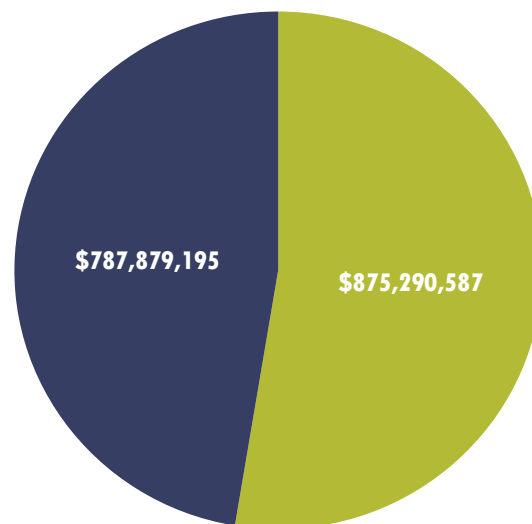
March 2017 YTD <i>(In Thousands)</i>	Actual 2017	Budget 2017	Variance
Net Interest Income	\$1,039.6	\$953.1	\$86.5
+ Fee Income	\$1,194.7	\$1,114.1	\$80.6
- Operating Expenses	\$1,454.9	\$1,489.7	\$34.8
= Net Operating Income	\$779.4	\$577.5	\$201.9
+ CUSO Gains/Losses	\$28.5	\$21.6	\$6.9
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$104.7	\$131.7	\$27.0
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$703.2	\$467.4	\$235.8



Total Assets | On- and Off-Balance Sheet

March 2017

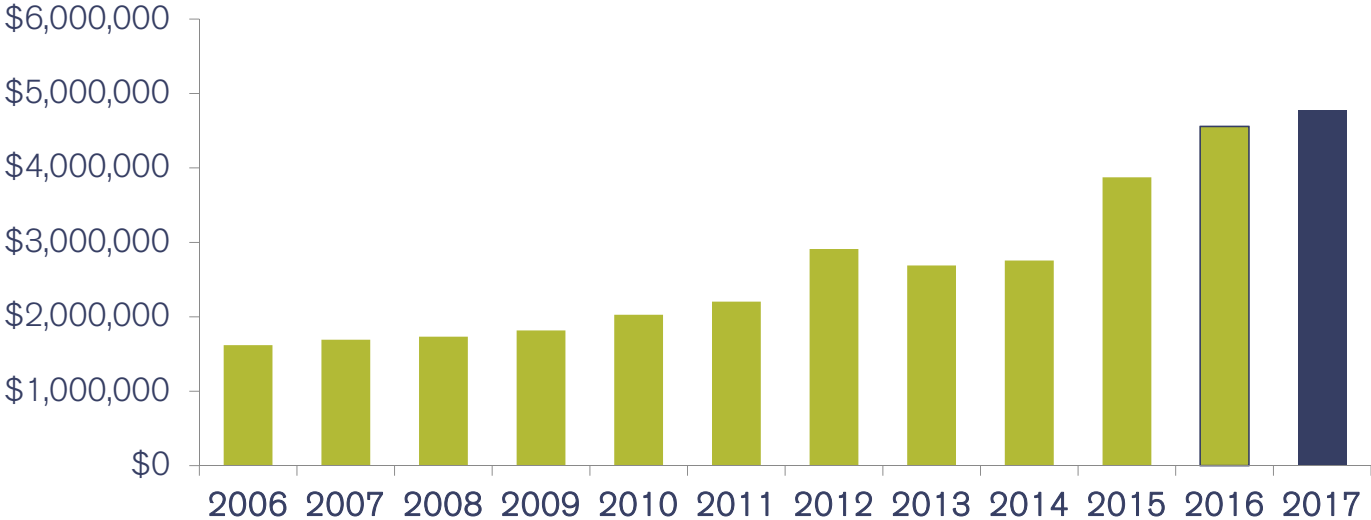
Total Managed Assets - \$1,663,169,782



■ On-Balance Sheet ■ Off-Balance Sheet*



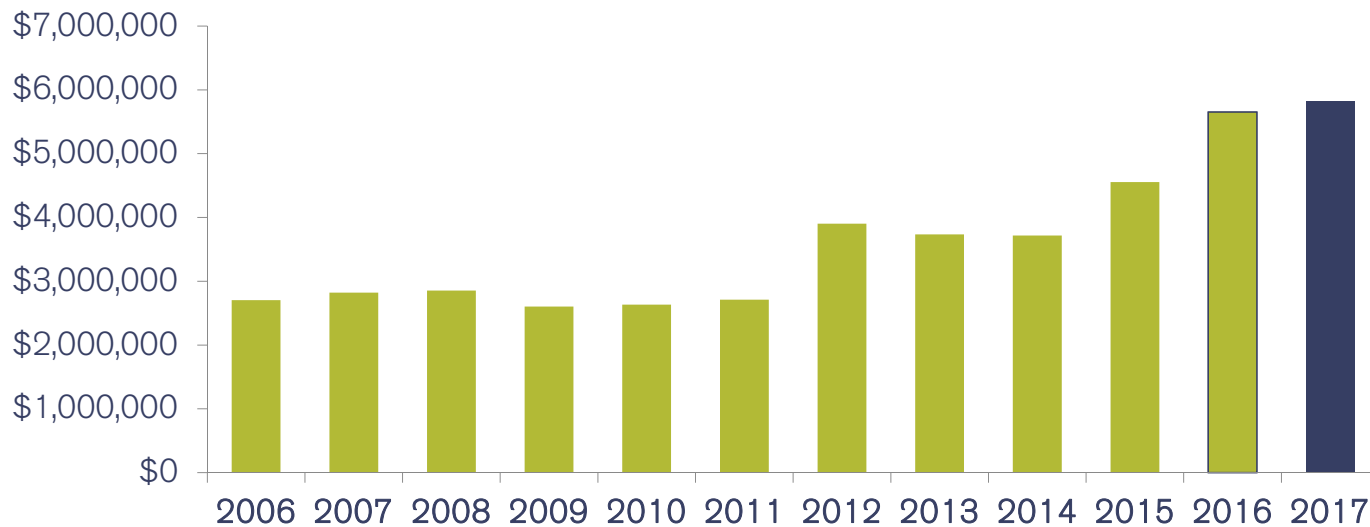
Annualized Non-Interest Income Trends



The 2017 budget projects a slight decrease in Non-Interest Income due to a projected decline in commission income. After the first quarter, non-interest income is on pace to exceed the budget by 7.2%.



Annualized Operating Expense Trends



Operating Expenses are less than budgeted – after the first quarter, operating expenses are \$135,400 or -2.3% less than budget.



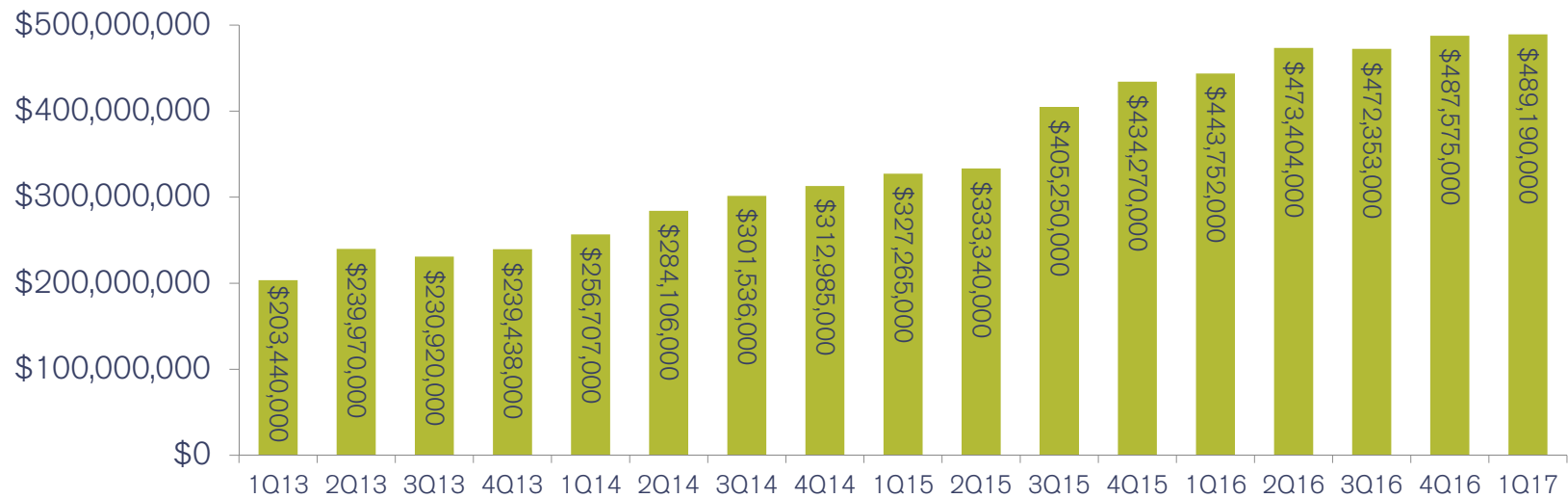
Coverage Ratio | Fee Income/Operating Expenses



The 2017 Coverage Ratio was budgeted to decline to 75.2% but after the first quarter the actual ratio was 82.1% due to better non-interest income and lower operating expense.



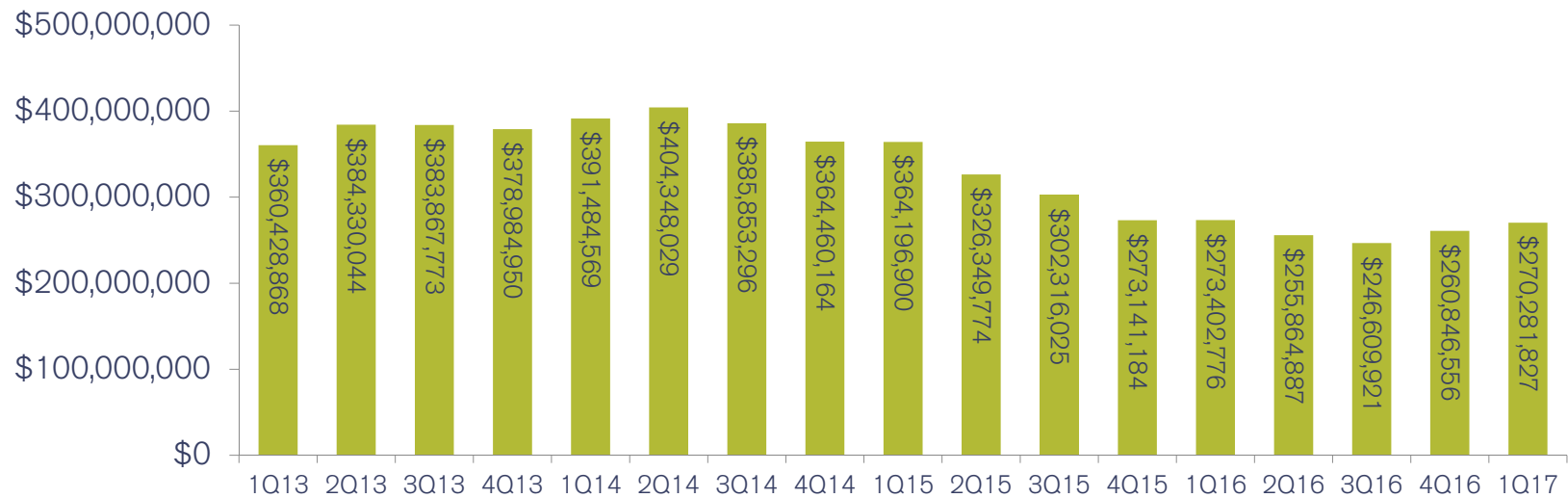
Total SimpliCD Outstanding



The Total SimpliCD outstanding amount remained at record highs for the past four quarters and ended March at \$489.2 million.



Total ISI Investments Outstanding



Outstanding securities sales peaked mid-year 2014. Since that time, loan growth has outpaced share growth – both nationally and regionally.



Liquidity Commentary

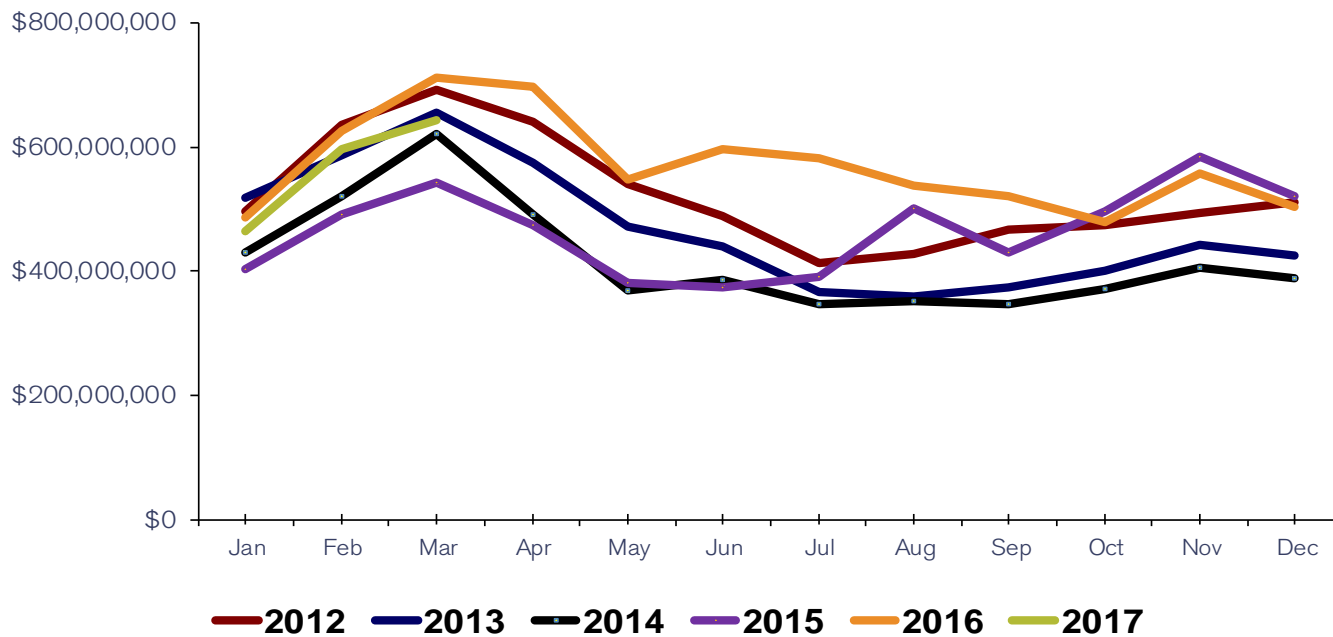
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in March 2017. Millennium Corporate currently has a Collateralized LOC of \$175.7 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Average member credit union daily loan balances are trending downwards as liquidity has increased - which is a historical trend at this time of the year. Loan balances have averaged \$13.7 million in March 2017 and have averaged a similar amount for April.
- March month-end figures show SimpliCD issuance totals of \$128.3 Million.

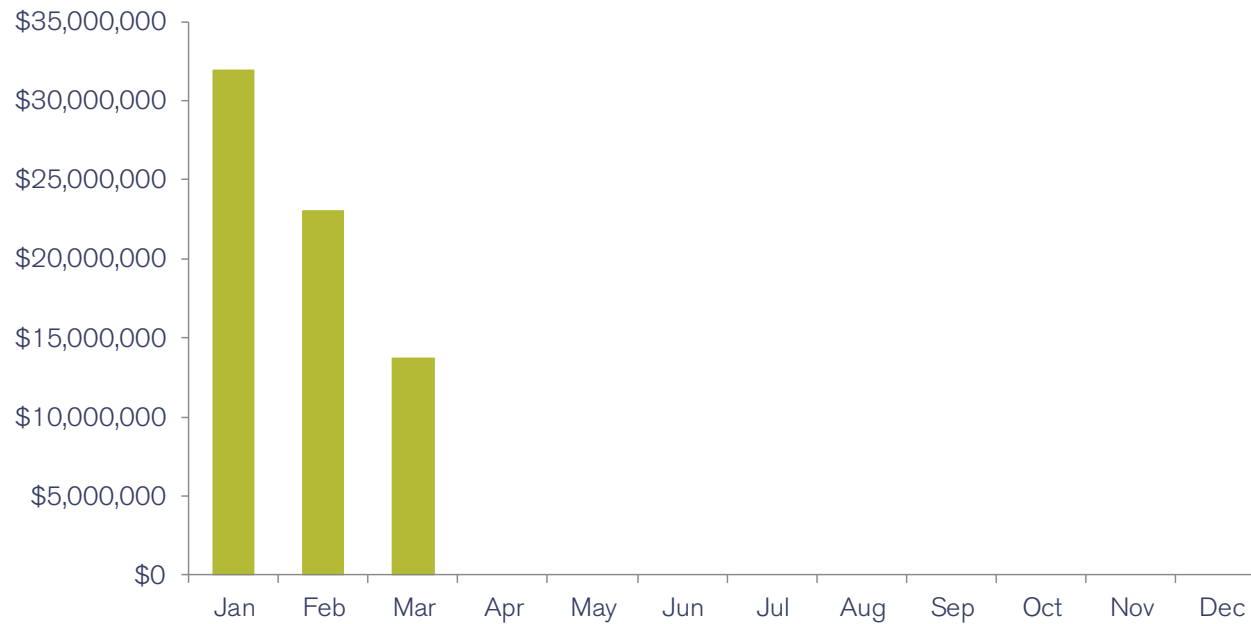
Graphical representations of the seasonal activity of member overnight deposits since 2012, and average member borrowing activity for 2017 follow this commentary.



Historical Member Overnight Deposits



2017 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results February 2017						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
Base Case	\$64,789,877	-	-	8.41%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$63,573,559	(\$1,216,318)	(1.88%)	8.27%	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 March 2017, is \$2,313,696
- Retained Earnings ratio is 1.62% as of March 2017 versus 1.32%, one year ago
- The phased 6-year capital regulatory requirements became effective October 20, 2016, and Millennium Corporate exceeds all capital requirements – the Tier 1 Capital ratio is 4.76%. The next and final phased capital requirement becomes effective October 2020.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's March 2017 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 1.62% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 4.76% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 34.8% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 73.2% | Minimum Requirement – 8.00%
 - GAAP Capital – 9.97%



Board Meeting Recap

Board of Director's Meeting – April 27, 2017

- Approved March 2017 Financial Statements & Committee Reports
- Approved February 2017 Net Economic Value (NEV) Reports
- Received update on the following initiatives from management . . .
 - Annual meeting planning and logistics
 - Quarterly Corporate CU Alliance meeting held April 19th which we met with NCUA ONES Director Scott Hunt, Acting Chairman Mr. McWatters and Board Member Mr. Metzger
 - New member – Lutheran Federal CU, St. Louis, MO
 - New employees: Account Specialist – Kayla Welch and Financial Analyst – Lea Papamichael
 - Sponsoring a new Heartland CU Association advocacy series – Pints & Politics
 - Rate environment, PCC and overnight rates
 - Data processing outage from Symitar
 - Reported that the 2016 Form 990 has been filed



Board Meeting Recap

Board of Director's Meeting – April 27, 2017

- Reviewed the 2017 1Q Measures and Targets from Millennium's Strategic Plan
- Board and management held a strategic discussion on one of our 2017 Initiatives of developing a Membership Capital Strategy



Annual Meeting Recap – April 28, 2017

Millennium Corporate's 65th Annual Meeting was held on April 28th at The Fontaine | A Kansas City Hotel

- Speakers included:
 - Jay Johnson, Partner at Callahan & Associates: TCCUSF – Key Issues & Questions
 - Elliot Eisenberg, PhD & national acclaimed economist: Economic Forecast
 - Ian Lampl, LoanStreet Inc., Co-Founder & CEO: Loan Participations
- Elected to the Board for three-year terms:
 - Tom Kjar, Creighton Federal Credit Union, Omaha, Nebraska
 - Glenna Osborn, Missouri Central Credit Union, Lee's Summit, Missouri
 - LaRae Kraemer, K-State Federal Credit Union, Manhattan, Kansas
- Board Officers elected at the Board Re-Organization Meeting:
 - Tom Kjar, Chairmen, Creighton Federal Credit Union, Omaha, Nebraska
 - Greg Winkler, Vice Chairman, Azura Credit Union, Topeka, Kansas
 - Mark Kolarik, Secretary/Treasurer, Kansas Teachers Community Credit Union, Pittsburg, Kansas



Annual Meeting Recap – April 28, 2017

- Millennium Chairman appointed the following individuals to serve on the Supervisory Committee -
 - Chuck Bullock, Quantum Credit Union, Wichita, Kansas
 - Dee Schriener, Trius Federal Credit Union, Kearney, Nebraska
 - Linda Allen, Arsenal Credit Union, Arnold, Missouri
 - Teri Krakowka, Southwest Montana Community Federal Credit Union, Anaconda, Montana
 - Steve Grooms, 1st Liberty Federal Credit Union, Great Falls, Montana
- Millennium Chairman appointed the following individuals to serve on the Credit Committee -
 - Kevin Brueseke, Conservation Employee Credit Union, Columbia, Missouri
 - Gerry Veis, Bear Paw Credit Union, Havre, Montana
 - Paul Meissner, Credit Union of America, Wichita, Kansas
 - Scott Winkelmann, Fremont First Central Federal Credit Union, Fremont, Nebraska
- Millennium Chairman appointed the following individuals to serve on the Asset/Liability Committee -
 - Bob Thurman, Credit Union of America, Wichita, Kansas
 - Mark Kolarik, Secretary/Treasurer, Kansas Teachers Community Credit Union, Pittsburg, Kansas
 - Ron Kampwerth, Anheuser-Busch Employees' Credit Union, St. Louis, Missouri
 - Millennium Staff: Kent Gleason, Larry Eisenhauer, Kitty Gray, Steve Howke, Brady McLeod



May 2017

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
1	2	3	4	5
8	9	10 Millennium Credit Committee Meeting	11 NCUL Capitol Club Classic Eagle, NE	12
15 Millennium Supervisory Committee Meeting	16	17 MCU Power Up Fairmont Hot Springs, MT	18 MCU Power Up Fairmont Hot Springs, MT	19 MCU Power Up Fairmont Hot Springs, MT
22	23	24 HCUA Pints & Politics – St. Louis, MO	25 Millennium Board & ALCO Meetings HCUA Pints & Politics – Springfield, MO	26
29 Memorial Day – Millennium Offices Closed	30	31 NCUL Annual Meeting & Convention Omaha, NE	1 NCUL Annual Meeting & Convention Omaha, NE	2 NCUL Annual Meeting & Convention Omaha, NE