



# Membership Report | **March 2017**

# Agenda

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- 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 – January 2017
- Board Meeting Recap
- Supervisory Committee Meeting
- Calendar of Events | April 2017



## Financial Commentary

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Net Income for February was \$241,533, above budget by \$114,218 or 89.7% for the month. Net interest income was higher than the budget due to higher returns on assets and lower asset growth than projected. Non-interest income was higher than budgeted for all areas. Operating expenses were \$17,737 and 3.6% lower than budget. CUSO gains were higher than budgeted due to a strong month for SimpliCD sales. PCC dividends were lower than budget. The year-to-date coverage ratio (fee income/operating expenses) is 82.3% which exceeds the 2017 goal of 75.2%.

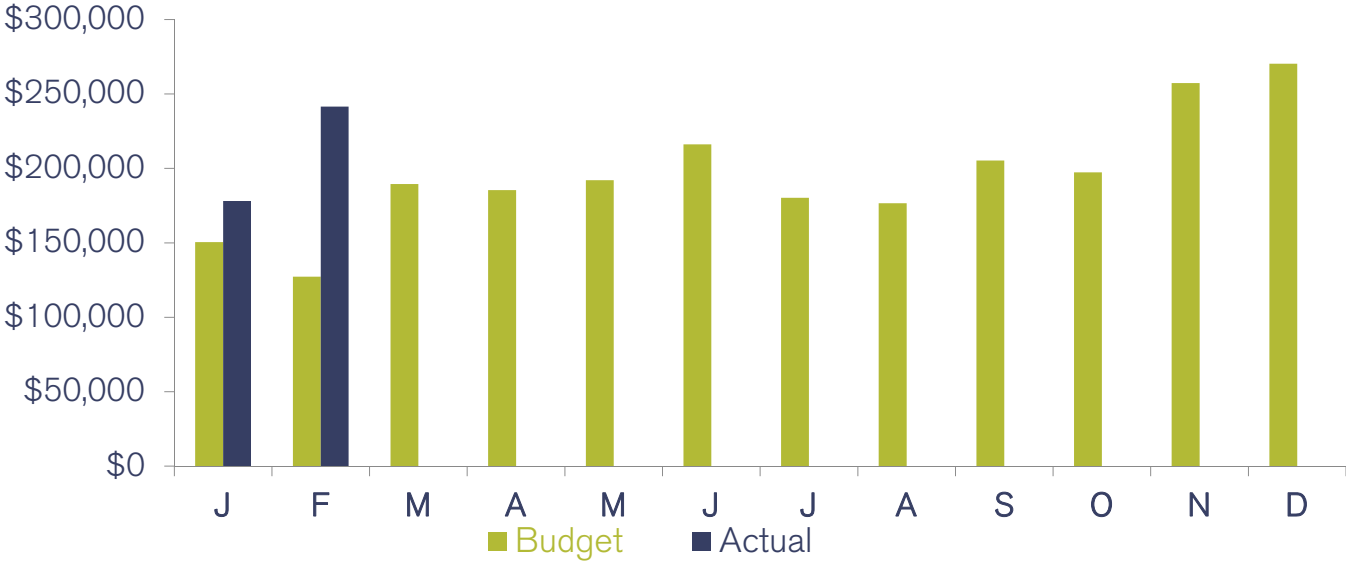
Return on Assets (ROA) started the year strong as the year-to-date ROA after February is 40.8 bps on average assets of \$617.5 million for the first two months.

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 \$650.1 million at the end of February, a decrease of \$2.9 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 \$10,202,450, representing a Retained Earnings ratio of 1.57% and a Tier 1 ratio of 4.66%.



# 2017 Budget/Actual Net Income



## YTD Actual/Budget Variance

February 2017   YTD <i>(In Thousands)</i>	Actual 2017	Budget 2017	Variance
Net Interest Income	\$631.2	\$603.3	\$27.9
+ Fee Income	\$790.2	\$736.6	\$53.6
- Operating Expenses	\$959.9	\$988.3	\$28.5
= Net Operating Income	\$461.5	\$351.6	\$110.0
+ CUSO Gains/Losses	\$21.4	\$15.1	\$6.3
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$63.4	\$78.8	\$15.4
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$419.6	\$287.8	\$131.7

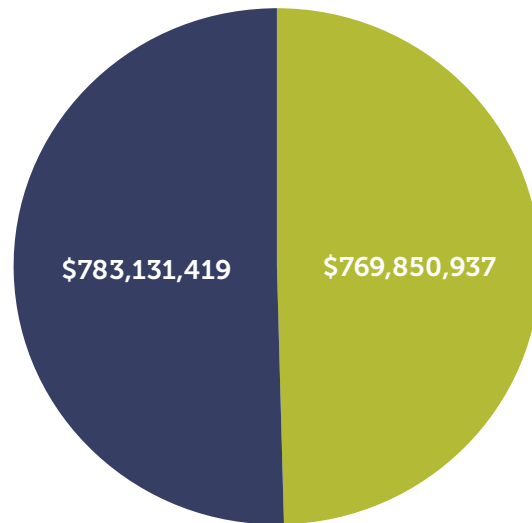


# Total Assets | On- and Off-Balance Sheet

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**February 2017**

Total Managed Assets - \$1,552,982,356



■ On-Balance Sheet ■ Off-Balance Sheet\*



# Liquidity Commentary

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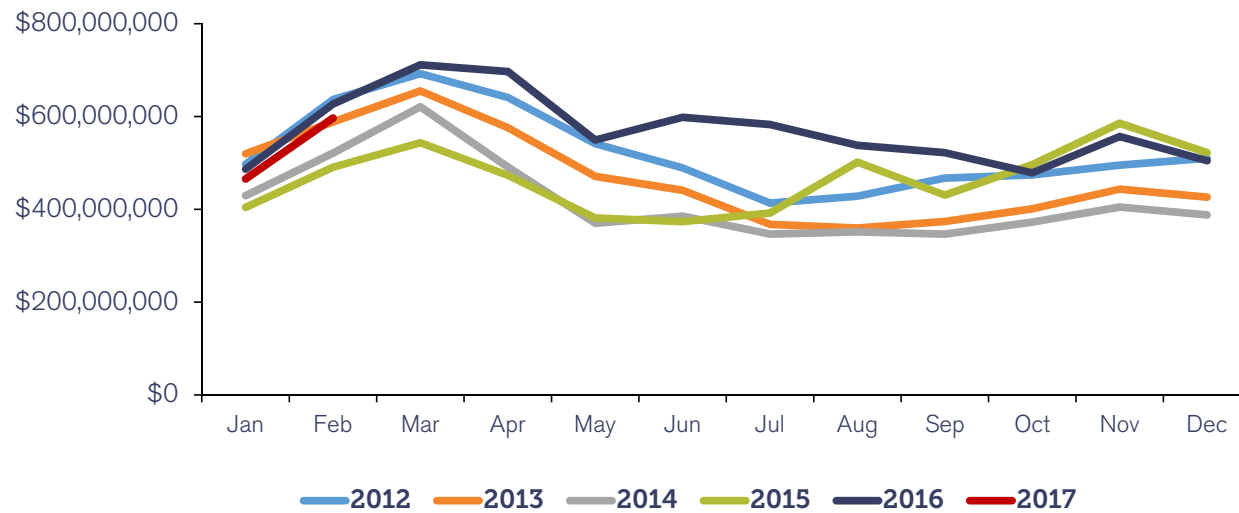
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in February 2017. Millennium Corporate currently has a Collateralized LOC of \$165.7 Million with the FHLB.

- 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 \$23.4 million in February 2017 and has averaged \$14.3 million during most of March.
- February month-end figures show SimpliCD issuance totals of \$124.2 Million.

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



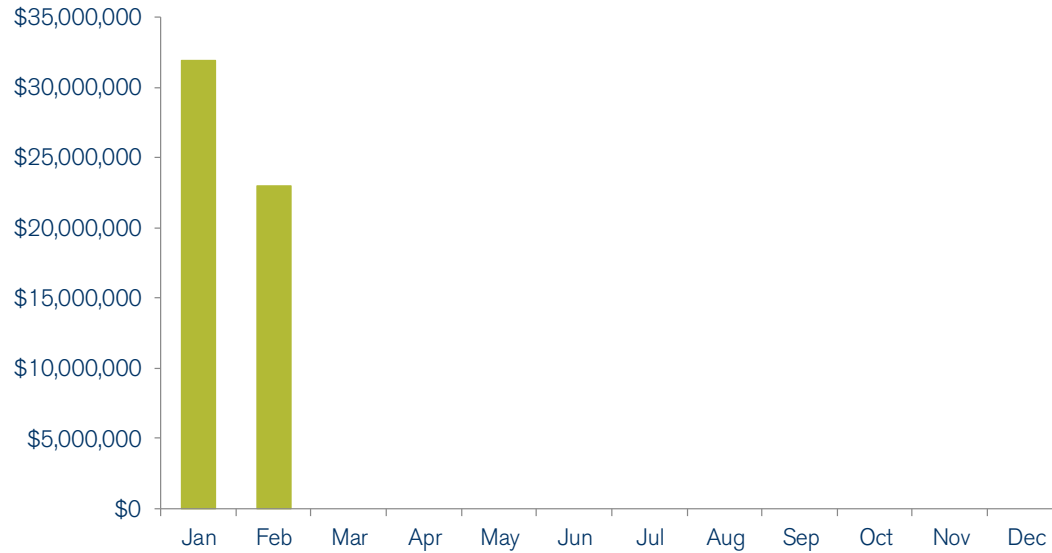
# Historical Member Overnight Deposits





# 2017 Average Monthly Member Borrowings

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# IRR | Net Economic Value (NEV)

NEV Testing Results   January 2017						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
Base Case	\$64,478,077	-	-	11.40%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$63,387,697	(\$1,090,380)	(1.69%)	11.23%	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

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- Increase to Retained Earnings during the past 12 months, through February 2017, is \$2,222,441
- Retained Earnings ratio is 1.57% as of February 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 4.66%. 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 February 2017 capital ratios, and the minimum regulatory requirement of each (where applicable).
  - Retained Earnings Ratio – 1.57% | Minimum requirement – 1.00%
  - Tier 1 Capital Ratio – 4.66% | Minimum Requirement – 4.00%
  - Tier 1 Risk-Based Capital Ratio – 34.1% | Minimum Requirement – 4.00%
  - Total Risk-Based Capital Ratio – 72.8% | Minimum Requirement – 8.00%
  - GAAP Capital – 9.89%



# Board Meeting Recap

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## Board of Director's Meeting – March 23, 2017

- Approved February 2017 Financial Statements & Committee Reports
- Approved January 2017 Net Economic Value (NEV) Reports
- Received update on the following initiatives from management ...
  - Update on the year-end financial audit
  - Vendor meeting with Brinks representatives
  - Annual meeting planning and meeting with potential speakers
  - LoanStreet update – positive activity in March as two deals closed. Two Millennium members closed a loan participation deal – 90% indirect auto loan pool for \$1.7 million, containing 57 loans. Another Millennium member purchased a \$0.5 million pool containing 26 loans.
  - The Corporate CU Alliance met after GAC and sent a letter to NCUA Chair Mr. McWatters to request the NCUA Board reconsider the definition of Tier 1 capital and eliminate the requirement for deducting Perpetual Contributed Capital values. The Corporate CU Alliance will be meeting separately with NCUA Chair McWatters, NCUA Board Member Mr. Metzger, and Scott Hunt, Director of National Examinations & Supervision on April 19th.
  - Reviewed the December 2016 and YTD Corporate CU Call Report data
  - Update on rate changes made after the March FOMC meeting



# Board Meeting Recap

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## Board of Director's Meeting – March 23, 2017

- Kevin Grund of J. Tenbrink & Associates met with the Board to review the results of the Independent Auditors' Report on the audit of Millennium's 2016 financial statements. Mr. Grund presented the Independent Auditors' Report, which includes the attestation on Internal Controls Over Financial Reporting, and the Management Letter. As in prior years, Millennium received a qualified opinion due solely to the classification of Members Shares as Equity. The audit was finalized as of February 28, 2017.
- Approved a revision to the Enterprise Risk Management (ERM) Policy. The revision clarifies the ERM Committee is the Risk Office for Millennium, and that the Internal Auditor is merely the facilitator of the meetings. The revision also emphasizes the participation and quarterly reporting to the Board of the ERM Expert.
- It is mandatory to have the Board appoint the BSA officer each year. As a result, the Board appointed the Millennium Corporate Compliance Officer as the individual responsible for managing BSA compliance for 2017.



# Supervisory Committee Recap

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## Supervisory Committee Meeting – March 27, 2017

- The Committee met with Kevin Grund of J. Tenbrink & Associates to review the results of the Independent Auditors' Report on the audit of Millennium's 2016 financial statements. Mr. Grund presented the Independent Auditors' Report, which includes attestation on Internal Controls Over Financial Reporting, and the Management Letter. The audit was finalized as of February 28, 2017.
- The Committee reviewed and approved the Wire Transfer Dual Authority/OFAC Internal Audit.
- The Committee reviewed and approved the Quick Money Internal Audit.
- Reviewed the status of the items on Millennium's matrix report of all issues or recommendations from regulatory examinations; internal and external audits; and internal risk assessments. All items are being addressed within adequate timeframes.
- Reviewed BSA monitoring reports since last meeting
- Next meeting – May 15, 2017



# April 2017

## Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
3	4 Millennium Corporate Annual Meeting & Convention – Hotel Sorella Room Block Expires!	5	6	7
10	11	12	13	14 Millennium Corporate Annual Meeting & Convention – Registration Deadline
17	18	19	20	21
24	25	26	27 Millennium Corporate Annual Meeting & Convention – Kansas City, MO  Board + ALCO Meetings	28 Millennium Corporate Annual Meeting & Convention – Kansas City, MO
1	2	3	4	5