



Membership Report | May 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 – March 2017
- Board Meeting Recap
- Supervisory Committee Recap
- Credit Committee Recap
- Calendar of Events | June 2017



Financial Commentary

Net Income for April was \$270,762, above budget by \$98,450 or 57.1% for the month. Net interest income was higher than budget due to higher return on assets. Non-interest income was higher than budgeted for most areas, especially financial services and commission income. Operating expenses were \$24,912 and 5.0% higher than budget, primarily due to financial services and travel expenses. CUSO gain is higher than budget. PCC dividends were \$6,670 lower than budget. The year-to-date coverage ratio (fee income/operating expenses) is 81.6% which exceeds the 2017 goal of 75.2%.

Return on Assets (ROA) has remained strong as the year-to-date ROA after four months is 42.7 bps on average assets of \$683.9 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 \$645.3 million at the end of April, a decrease of \$3.2 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 \$10,756,760 representing a Retained Earnings ratio of 1.67% and a Tier 1 ratio of 4.86%.



2017 Budget/Actual Net Income



YTD Actual/Budget Variance

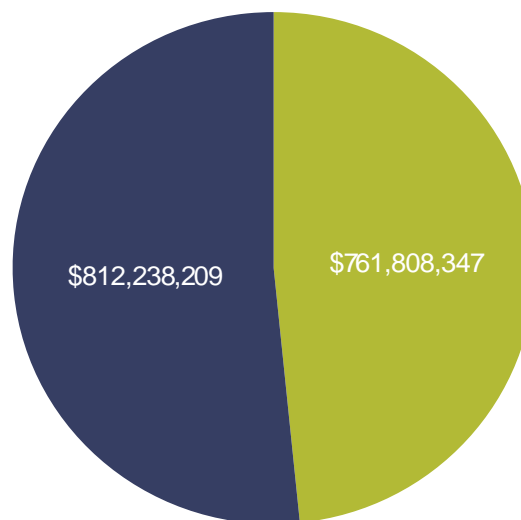
April 2017 YTD <i>(In Thousands)</i>	Actual 2017	Budget 2017	Variance
Net Interest Income	\$1,449.4	\$1,304.7	\$144.7
+ Fee Income	\$1,617.4	\$1,482.2	\$135.2
- Operating Expenses	\$1,982.5	\$1,992.4	\$9.9
= Net Operating Income	\$1,084.3	\$794.5	\$289.8
+ CUSO Gains/Losses	\$38.8	\$28.1	\$10.7
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$149.3	\$182.8	\$33.5
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$973.9	\$639.8	\$334.2



Total Assets | On- and Off-Balance Sheet

April 2017

Total Managed Assets - \$1,574,046,556



■ On-Balance Sheet ■ Off-Balance Sheet*



Liquidity Commentary

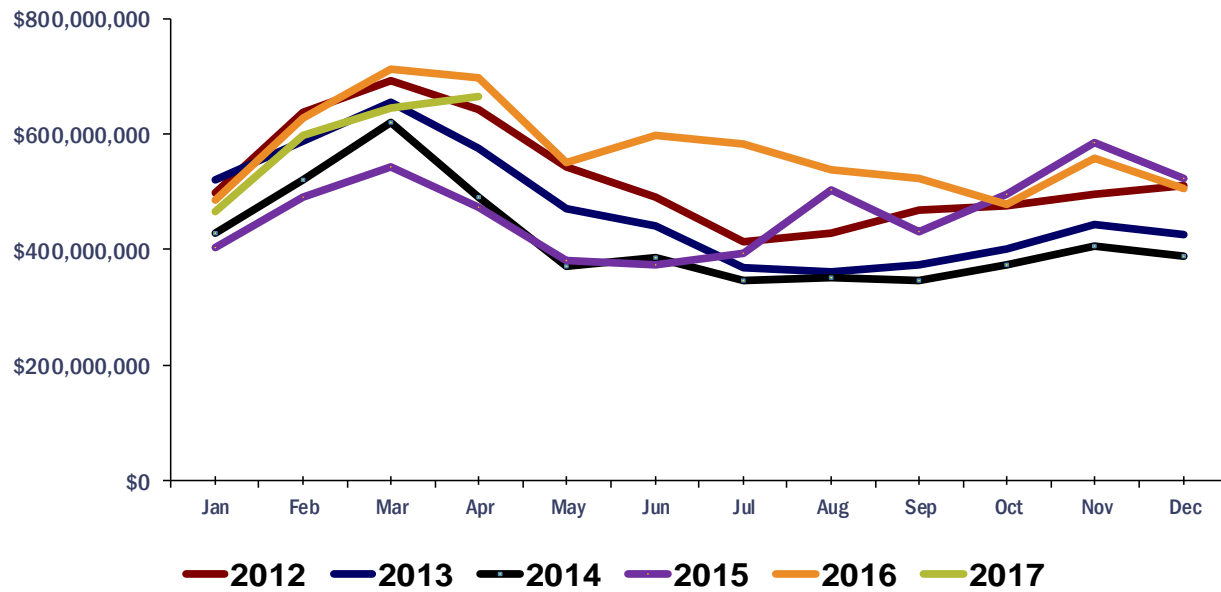
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in April 2017. Millennium Corporate currently has a Collateralized LOC of \$181.7 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Average member credit union daily loan balances have remained relatively flat over the past couple months which is a historical trend at this time of the year. Loan balances averaged \$13.7 million in March; \$13.5 million in April and have averaged a similar amount for May.
- April month-end figures show SimpliCD issuance totals of \$124.6 Million.

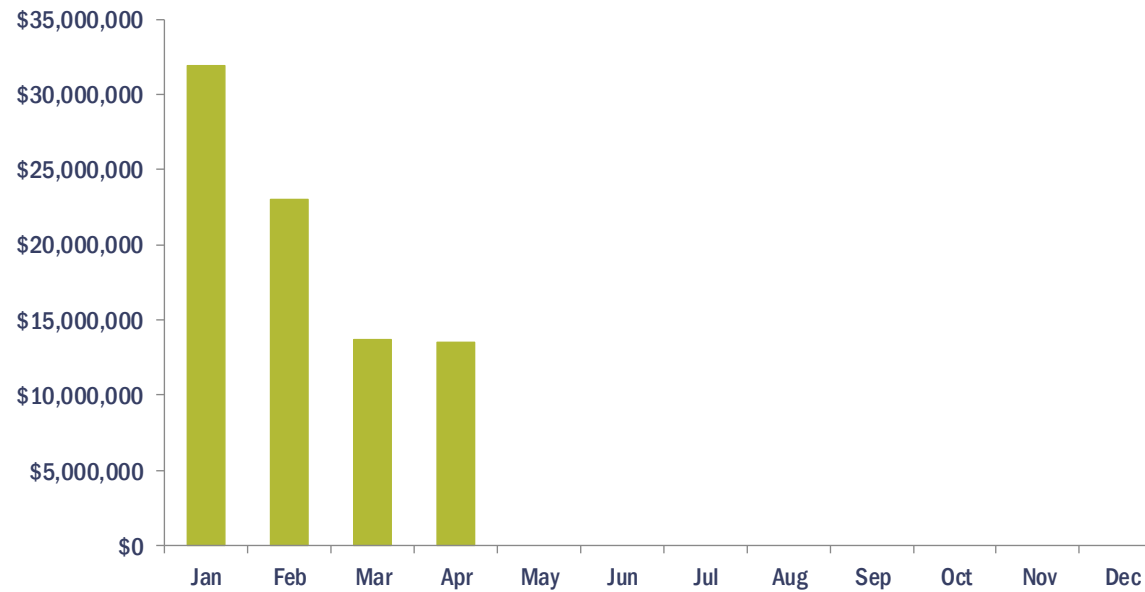
Graphical representations of the seasonal activity of member overnight deposits since 2012, and average member borrowing activity for 2017 follow this commentary.



Historical Member Overnight Deposits



2017 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results March 2017						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
Base Case	\$65,192,262	-	-	7.44%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$64,062,474	(\$1,129,788)	(1.73%)	7.33%	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 April 2017, is \$2,393,086
- Retained Earnings ratio is 1.67% as of April 2017 versus 1.31%, 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 4.86%. 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 April 2017 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 1.67% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 4.86% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 35.4% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 73.7% | Minimum Requirement – 8.00%
 - GAAP Capital – 10.06%



Board Meeting Recap

Board of Director's Meeting – May 25, 2017

- Approved April 2017 Financial Statements & Committee Reports
- Approved March 2017 Net Economic Value (NEV) Reports
- Received ERM Q2 Board Report
- Received update on the following initiatives from management...
 - Update on Montana's Credit Unions annual meeting activities and Millennium's involvement
 - Conducted Operations Contingency Test
 - Staff update
 - 2017 Due Diligence packet has been provided to membership
 - Regulatory communication
 - Upcoming Nebraska CU League annual meeting



Board Meeting Recap

Reviewed the financial results of our CUSO investments...

- Primary Financial Company, LLC (SimpliCD) had net income of \$252,612 for Q1 2017. The company has total equity of \$19.9 million, representing an equity ratio of 38.4% as of March 2017. Millennium's current ownership percentage is 12.0%. Millennium ended March with outstanding SimpliCD balances of \$489.2 million and SimpliCD issuance of \$128.3 million, an option used by Millennium members to generate additional liquidity.
- CU Business Group, LLC (CUBG) had net income of \$62,249 for Q1 2017. Total equity is \$2,163,885, representing an equity ratio of 65.0% as of March 2017. Millennium's current ownership percentage is 4.41%.
- CU Investment Solutions, LLC (ISI) had net income of \$31,677 for the calendar 1Q of 2017. ISI's fiscal year runs from October through September, so the results for the calendar quarter reflect the 2Q results for their fiscal year. Year-to-date income reflects a net loss of (\$14,613). Investment sales activity for credit unions continues to be down from previous years due to increasing loan volume amongst credit unions. As of March, ISI had retained earnings of \$1,061,874 reflecting an equity ratio of 45.0%. Millennium's current ownership percentage is 22.2%.



Supervisory Committee Recap

Supervisory Committee Meeting – May 15, 2017

- The Committee members elected Steve Grooms, President/CEO of 1st Liberty FCU in Great Falls, MT, as Chairman.
- The Committee reviewed and accepted the Bank Secrecy Act Risk Assessment.
- The Committee reviewed and approved the Reconciliation Internal Audit.
- The Committee reviewed and approved the Remote Access Internal Audit.
- The Committee evaluated the performance of the independent audit firm during the 2016 financial 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 – July 17, 2017



Credit Committee Recap

Credit Committee Meeting – May 10, 2017

- The Committee elected Paul Meissner, CFO of CU of America in Wichita, KS, as Chairman.
- The Committee reviewed and approved 74 lines-of-credit
- The Committee reviewed the Monitor Report and voted to remove a member from the Monitor List.
- Canceled three lines-of-credit
- Reviewed the requested peer score report
- Current Advised LOC status – 263 Lines/\$638.4 million
- Next meeting – July 27, 2017



June 2017

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
29	30	31 NCUL Annual Meeting & Convention Omaha, NE	1 NCUL Annual Meeting & Convention Omaha, NE	2 NCUL Annual Meeting & Convention Omaha, NE
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23 Millennium Board & ALCO Meetings
26 HCUA Pints & Politics Wichita, KS	27 HCUA Pints & Politics Topeka, KS	28 HCUA Pints & Politics Kansas City, MO	29	30