



Membership Report | February 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 – December 2016
- Board Meeting Recap
- Credit Committee Meeting
- Calendar of Events | March 2017



Financial Commentary

Net Income for January was \$178,080, above budget by \$27,571 or 18.3% for the month. Net interest income was slightly lower than budget due to the lower asset growth than projected and non-interest income was higher primarily due to commission and AIM income. Operating expenses were \$10,736 and 2.2% lower than budget. PCC dividends were lower than budget. The year-to-date coverage ratio (fee income/operating expenses) is 76.4% which exceeds the 2017 goal of 75.2%.

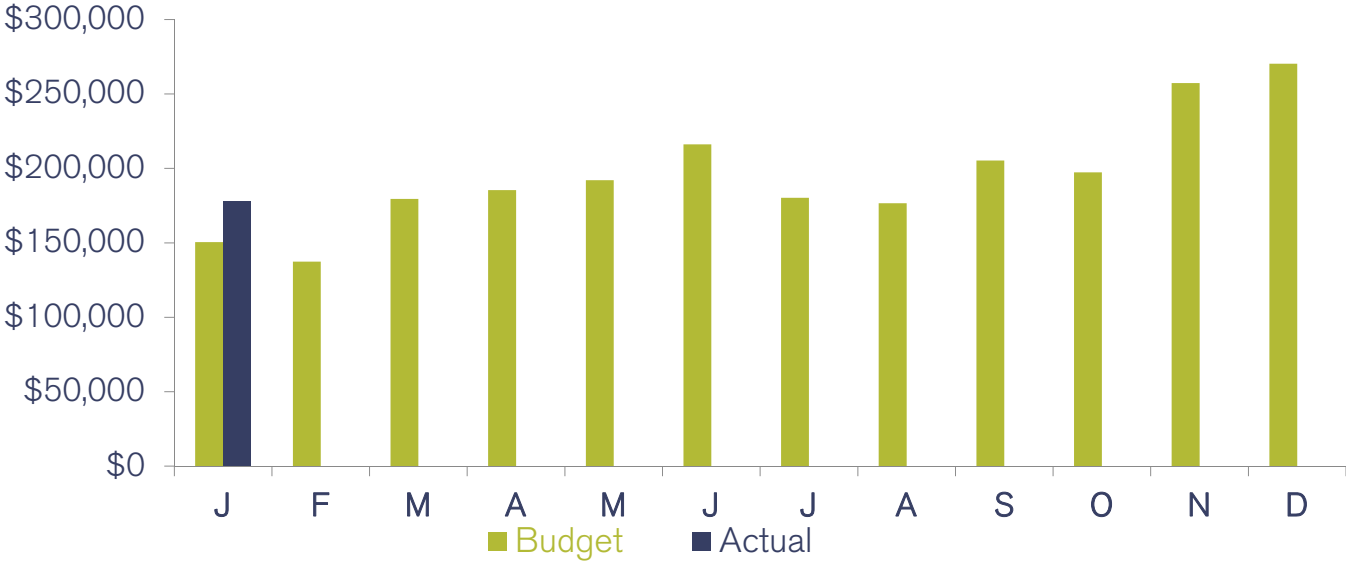
Return on Assets (ROA) started the year strong as the January ROA was 37.4 bps on average assets of \$570.7 million for the month.

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 \$653.0 million at the end of January, an increase of \$1.5 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 \$9,960,917 representing a Retained Earnings ratio of 1.53% and a Tier 1 ratio of 4.58%.



2017 Budget/Actual Net Income



YTD Actual/Budget Variance

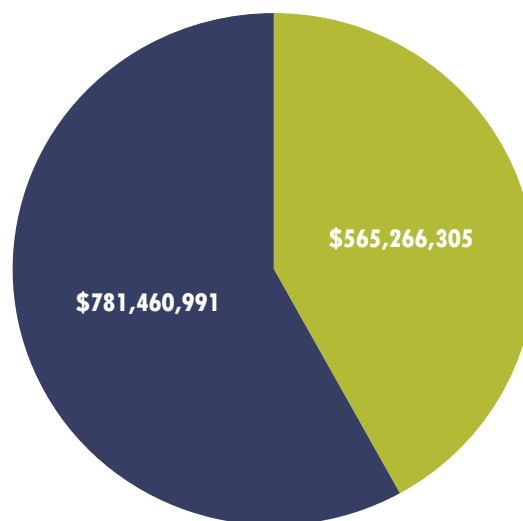
January 2017 YTD <i>(In Thousands)</i>	Actual 2017	Budget 2017	Variance
Net Interest Income	\$315.3	\$322.8	(\$7.6)
+ Fee Income	\$366.8	\$351.5	\$15.2
- Operating Expenses	\$480.3	\$491.0	\$10.9
= Net Operating Income	\$201.8	\$183.3	\$18.5
+ CUSO Gains/Losses	\$8.5	\$8.5	\$0.0
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$32.2	\$41.4	\$9.2
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$178.1	\$150.5	\$27.6



Total Assets | On- and Off-Balance Sheet

January 2017

Total Managed Assets - \$1,346,727,296



■ On-Balance Sheet ■ Off-Balance Sheet*



Liquidity Commentary

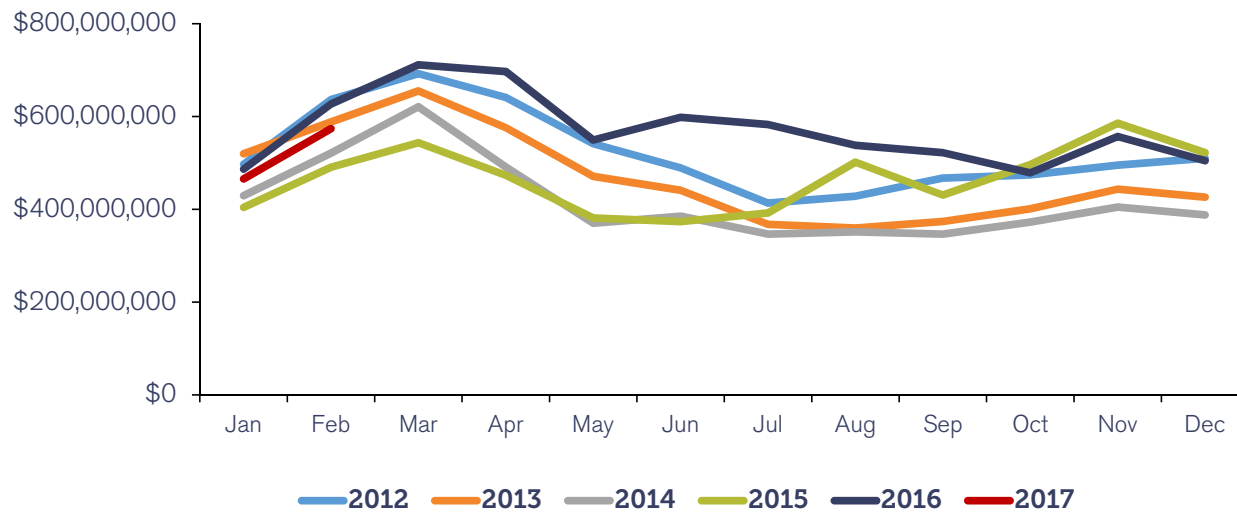
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in January 2017. Millennium Corporate currently has a Collateralized LOC of \$152.9 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Average member credit union daily loan balances was \$32.0 million in January 2017 and has averaged \$24.3 million during most of February.
- January month-end figures show SimpliCD issuance totals of \$126.2 Million.

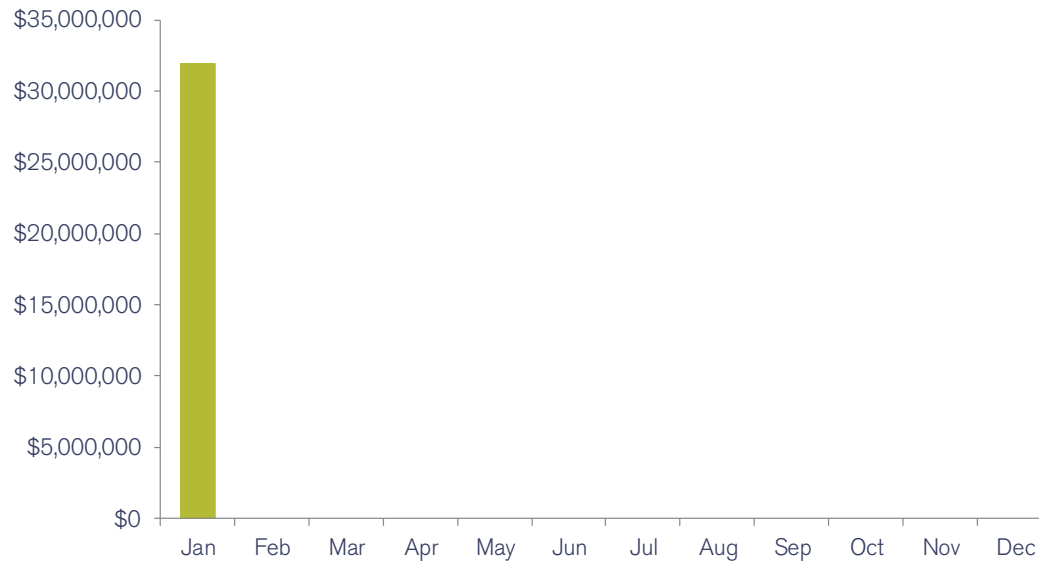
Graphical representations of the seasonal activity of member overnight deposits since 2012, and average member borrowing activity for 2017 follow this commentary.



Historical Member Overnight Deposits



2017 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results December 2016						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
Base Case	\$63,818,822	-	-	10.03%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$62,585,578	(\$1,233,244)	(1.93%)	9.86%	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 January 2017, is \$2,156,915
- Retained Earnings ratio is 1.53% as of January 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 4.58%. 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 January 2017 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 1.53% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 4.58% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 33.7% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 72.7% | Minimum Requirement – 8.00%
 - GAAP Capital – 9.82%



Board Meeting Recap

Board of Director's Meeting – February 23, 2017

- Approved January 2017 Financial Statements & Committee Reports
- Approved December 2016 Net Economic Value (NEV) Reports
- Received update on the following initiatives from management ...
 - Tenbrink & Associates on-site for week to complete the year-end financial audit
 - Vendor meetings with the Federal Reserve Bank and the Topeka FHLB
 - Participated in the “Day at the Capitol” in KS, MO and NE
 - Website launched and submitted proof of use to the trademark office
 - St. Louis office is re-locating within the current facility end of February
 - Update on staff changes
 - Participated in board meetings for two of our CUSOs (CUBG and ISI)
 - Attended KDCU Council meeting and provided report on Millennium activities
 - Chris Hageman, Millennium Financial Analyst, passed Series 63 and 7 tests to earn Securities License



Board Meeting Recap

Reviewed the financial results of our CUSO investments:

- Primary Financial Company, LLC (SimpliCD) had net income of \$709,054 for 2016. The company has total equity of \$19.6 million, representing an equity ratio of 38.1% as of December 2016. Millennium's current ownership percentage is 12.0%. Millennium ended December with an outstanding SimpliCD balances of \$487.6 million and with SimpliCD issuance of \$126.3 million, an option used by Millennium members to generate additional liquidity.
- CU Business Group, LLC (CUBG) had net income of \$147,849 for 2016. Total equity is \$2,101,636, representing an equity ratio of 62.1% as of December 2016. Millennium had twenty-three members that utilized CUBG services during 2016. Millennium's current ownership percentage is 4.41%.
- CU Investment Solutions, LLC (ISI) had net loss of \$46,290 for the calendar 4Q of 2016. ISI's fiscal year runs from October through September, so the results for the calendar quarter reflects the 1Q results of their fiscal year. Investment sales activity for credit unions continue to be down from previous years due to increasing loan volume amongst credit unions. As of December 2016, ISI had retained earnings of \$1,030,197, reflecting an equity ratio of 47.4%. Millennium's current ownership percentage is 22.2%.



Board Meeting Recap

Board of Director's Meeting – February 23, 2017

- Reviewed the 2017 Q1 Report of the Enterprise Risk Management Committee
- Approved the 2017 – 2019 Strategic Measures and Targets



Credit Committee Recap

Credit Committee Meeting – February 24, 2017

- The Committee reviewed and approved 52 lines-of-credit.
- The Committee reviewed the Monitor Report.
- Canceled one line-of-credit due to a merger
- Reviewed the net worth ratio report
- Current Advised LOC status – 266 Lines/\$638.0 million
- Next meeting – May 10, 2017



March 2017

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
27 CUNA Governmental Affairs Conference – Washington DC	28 CUNA Governmental Affairs Conference – Washington DC	1 CUNA Governmental Affairs Conference – Washington DC	2	3
6	7	8	9	10
13	14	15	16	17
20 Millennium Supervisory Committee Meeting	21	22	23 Millennium Board Meeting Millennium ALCO Meeting	24
27	28	29	30	31