



Membership Report | February 2018

Agenda

- Financial Commentary
 - 2018 Budget/Actual Net Income
 - Actual/Budget Variance
 - Total Managed Assets – On- & Off-Balance Sheet
- Liquidity Commentary
 - Historical Member Overnight Deposits
 - 2018 Average Monthly Member Borrowings
- Capital Commentary
- Interest Rate Risk/Net Economic Value Report – December 2017
- Board Meeting Recap
- Supervisory Committee Meeting
- Credit Committee Meeting
- Calendar of Events – March 2018



Financial Commentary

Net Income for January was \$219,068, above budget by \$69,531 or 46.5% for the month. Net interest income was \$76,598 or 20.5% higher than budget due to higher yields. Non-interest income was \$3,739 or 1.0% above budget due to higher commission income. Operating expenses were higher than budgeted by \$10,752 and 2.0% due to higher expense for conference/travel and office supplies. Both CUSO income and PCC dividends were in line with budget expectations. The year-to-date coverage ratio (fee income/operating expenses) is 70.6% which is less the 2018 goal of 75.1%.

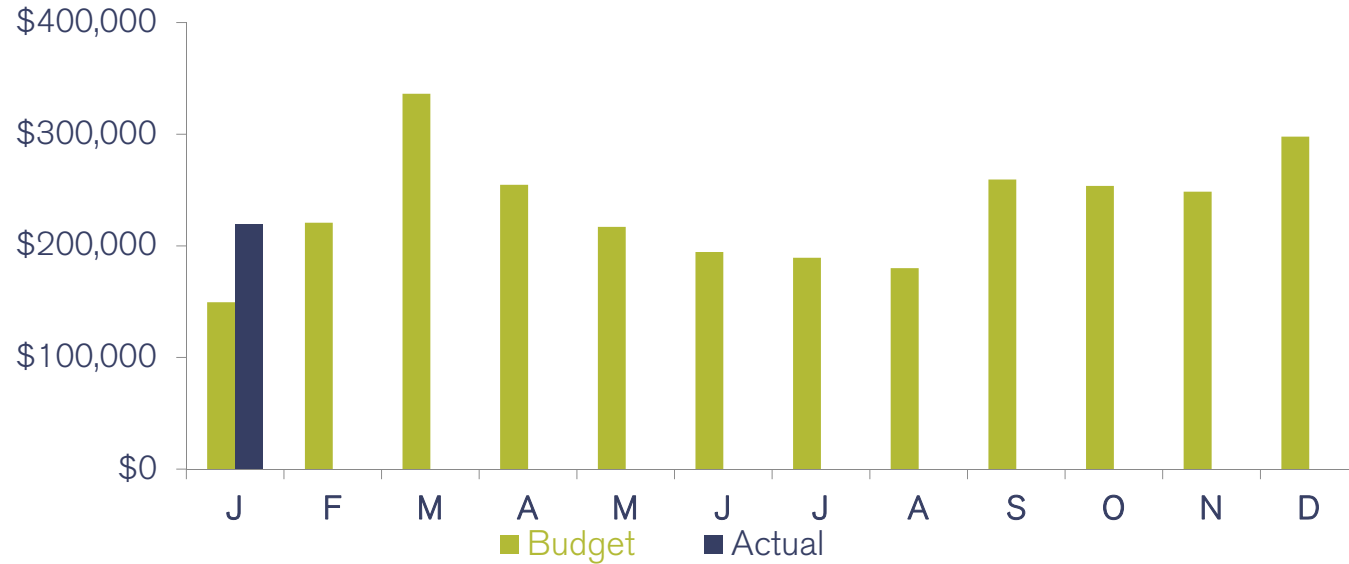
Return on Assets (ROA) for the month was 49.3 bps on average assets of \$533.4 million.

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 \$614.8 million at the end of January, a decrease of \$3.1 million from the previous month.

Millennium Corporate is defined as "Well Capitalized" and we ended the month with Retained Earnings of \$13,122,508, representing a Retained Earnings ratio of 2.13% and a Tier 1 ratio of 6.07%.



2018 Budget/Actual Net Income



YTD Actual/Budget Variance

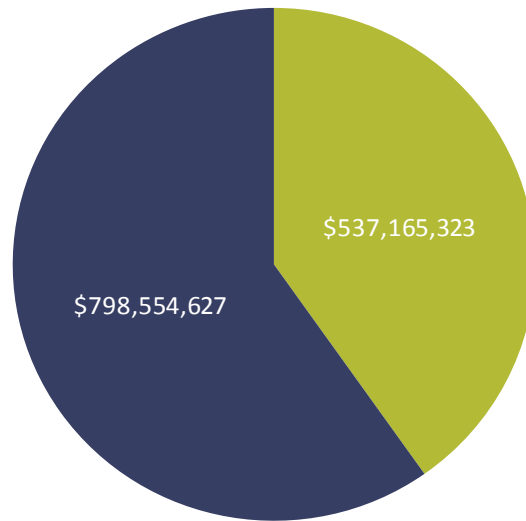
January 2018 YTD <i>(In Thousands)</i>	Actual 2018	Budget 2018	Variance
Net Interest Income	\$450.7	\$374.1	\$76.6
+ Non-Interest Income	\$383.3	\$379.6	\$3.7
- Operating Expenses	\$542.8	\$532.0	(\$10.8)
= Net Operating Income	\$291.2	\$221.7	\$69.5
+ CUSO Gains/Losses	\$10.7	\$10.7	\$0.0
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$82.9	\$82.9	\$0.0
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$219.0	\$149.5	\$69.5



Total Assets | On- and Off-Balance Sheet

January 2018

Total Managed Assets - \$1,335,719,950



■ On-Balance Sheet ■ Off-Balance Sheet*



Liquidity Commentary

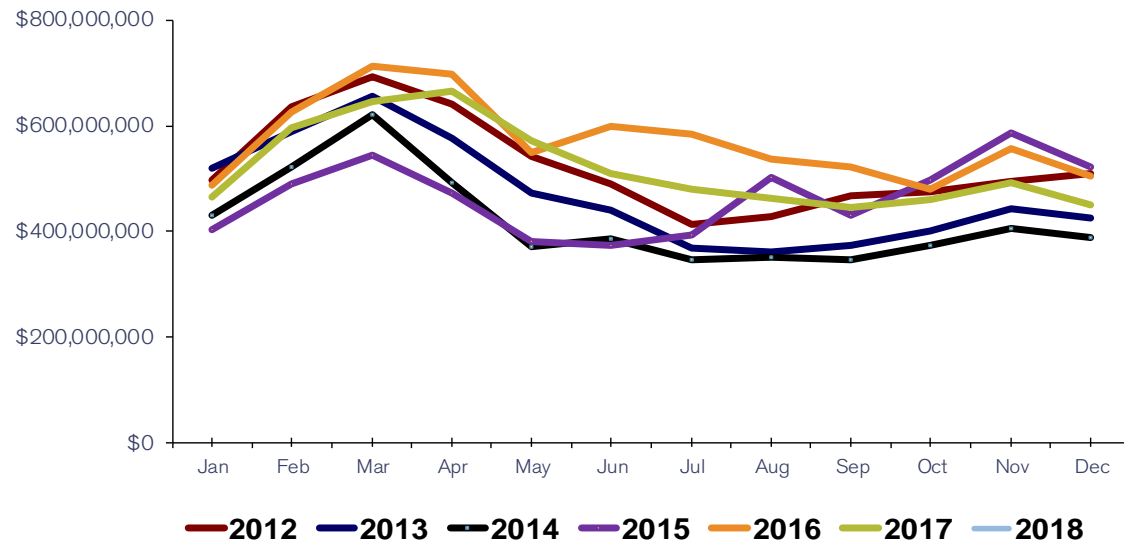
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in January 2018. Millennium Corporate currently has a Collateralized LOC of \$176.9 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Loan balances averaged \$31.8 million in January 2018 and have declined in February to an average of \$19.3 million month-to-date.

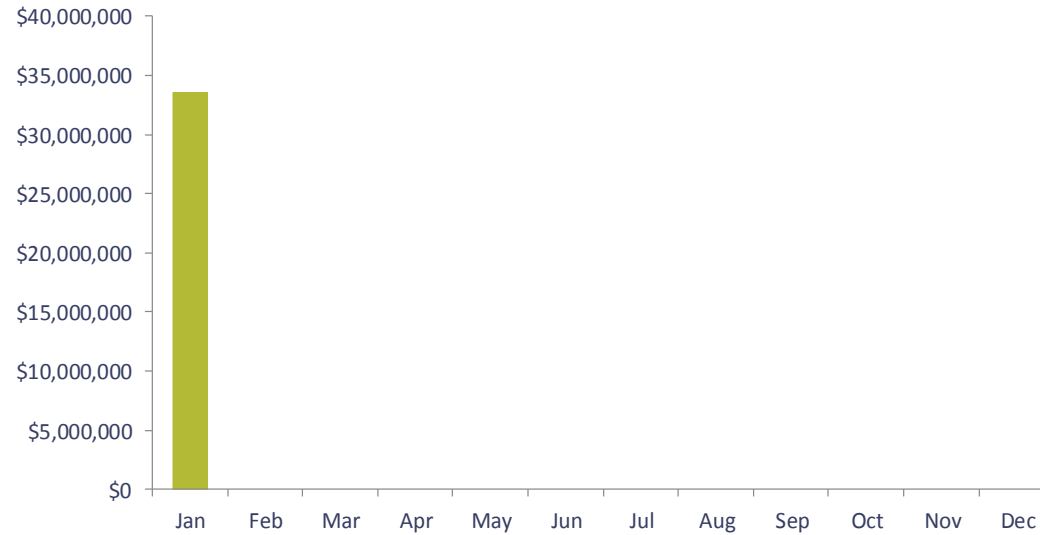
Graphical representations of the seasonal activity of member overnight deposits since 2012, and average member borrowing activity for 2018 follow this commentary.



Historical Member Overnight Deposits



2018 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results December 2017						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
Base Case	\$67,302,094	-	-	11.07%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$66,700,107	(\$601,987)	(0.89%)	10.99%	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 2018, is \$3,161,591
- Retained Earnings ratio is 2.13% as of January 2018 versus 1.53%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's January 2018 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.13% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 6.07% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 52.1% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 84.8% | Minimum Requirement – 8.00%
 - GAAP Capital – 10.95%



Board Meeting Recap

Board of Director's Meeting – February 22, 2018

- Approved January 2018 Financial Statements & Committee Reports
- Approved December 2017 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management..
 - Tenbrink & Associates on-site for week to complete the year-end financial audit
 - Transition to our new safekeeping vendor (single sign-on, webinar training & user guides)
 - Participated in the “Day at the Capitol” in KS, MO and NE
 - Attended KDCU Council meeting and provided report on Millennium activities
 - Sponsored & participated in the MonDak (MT & Dakota’s) Roundtable & St. Louis Chapter meetings
 - Participated in board meetings for two of our CUSOs (CUBG and ISI)
 - Preparations for Millennium’s Annual Meeting to be held in Kansas City on April 26th & 27th
 - February 2018 PCC rate is 1.85% - 0.43% over fed funds effective rate



Board Meeting Recap

Reviewed the financial results of our CUSO investments -

- Primary Financial Company, LLC (SimpliCD) had net income of \$1,082,456 for 2017. The company has total equity of \$19.6 million, representing an equity ratio of 37.9% as of December 2017. Millennium's current ownership percentage is 12.0%. Millennium ended December at an all-time high with outstanding SimpliCD balances of \$512.5 million and SimpliCD issuance of \$156.9 million, an option used by Millennium members to generate additional liquidity.
- CU Business Group, LLC (CUBG) had net income of \$290,327 for 2017. Total equity is \$2,391,963, representing an equity ratio of 62.5% as of December 2017. Millennium's current ownership percentage is 4.41%.
- CU Investment Solutions, LLC (ISI) had a net loss of \$196,582 for the quarter and year-to-date. ISI's fiscal year runs from October 2017 through September 2018. Double-digit loan growth by credit unions has negatively impacted investment activity as credit unions have not reinvested maturing investments and continue to try to build liquidity. As of December 2017, ISI had retained earnings of \$633,712, reflecting an equity ratio of 38.9%. Millennium's current ownership percentage is 25.0%.



Board Meeting Recap

Board of Director's Meeting – February 22, 2018

- Board approved revisions to the Vendor Management Policy.
- 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 8.9% of retained earnings.
- Due to a recent retirement, the Board appointed Linda Allen, President/CEO of Arsenal CU in Arnold, MO, to the Board. Linda has been involved in the credit union industry for many years and has held her position as CEO since 1990. She has served on the Millennium/Missouri Corporate Supervisory Committee since 2010.
- The Chairman appointed Board Member Kevin Mayer, President/CEO of Richland FCU in Sidney, MT, to the ALCO.



Supervisory Committee Recap

Supervisory Committee Meeting – February 20, 2018

- Committee reviewed the Security Program Board Report and the IT Control Audit and the associated findings.
- Wire Transfer Risk Assessment and the Authority Review were presented.
- The results of the Vendor Management Internal Audit were reviewed and accepted.
- The 2018 Internal Audit Plan was finalized and approved by the Committee.
- The Committee reviewed the 1Q Enterprise Risk Management (ERM) Board report.
- 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 – April 16, 2018



Credit Committee Recap

Credit Committee Meeting – February 14, 2018

- The Committee reviewed and approved 52 lines-of-credit.
- The Committee reviewed the Monitor Report.
- Current Advised LOC status – 260 Lines/\$679.0 million
- Next meeting – May 15, 2018



March 2018

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
26 CUNA Governmental Affairs Conference Washington, D.C.	27 CUNA Governmental Affairs Conference Washington, D.C.	28 CUNA Governmental Affairs Conference Washington, D.C.	1 CUNA Governmental Affairs Conference Washington, D.C.	2
5	6	7	8	9
12	13	14	15	16
19 Millennium Corporate ERMC Meetings	20	21	22	23
26	27	28 Millennium Corporate Board & ALCO Meetings	29	30