



Membership Report | **March 2017**

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 – January 2018
- Board Meeting Recap
- Facts & Figures
- Annual Meeting Events
- Calendar of Events – April 2018

Financial Commentary

Net Income for February was \$270,648, above budget by \$49,902 or 22.6% for the month. Net interest income was \$49,187 or 12.2% higher than budget due to higher yields. Non-interest income was \$20,250 or 5.0% lower due primarily to lower commission income. Operating expenses were lower than budgeted by \$16,243 and 3.1% due to lower salaries and conference/travel expenses. CUSO income was \$2,653 or 26.5% higher than budget and PCC dividends was \$2,079 or 2.6% lower than budget. The year-to-date coverage ratio (fee income/operating expenses) is 73.5% which is less than the 2018 goal of 75.1%.

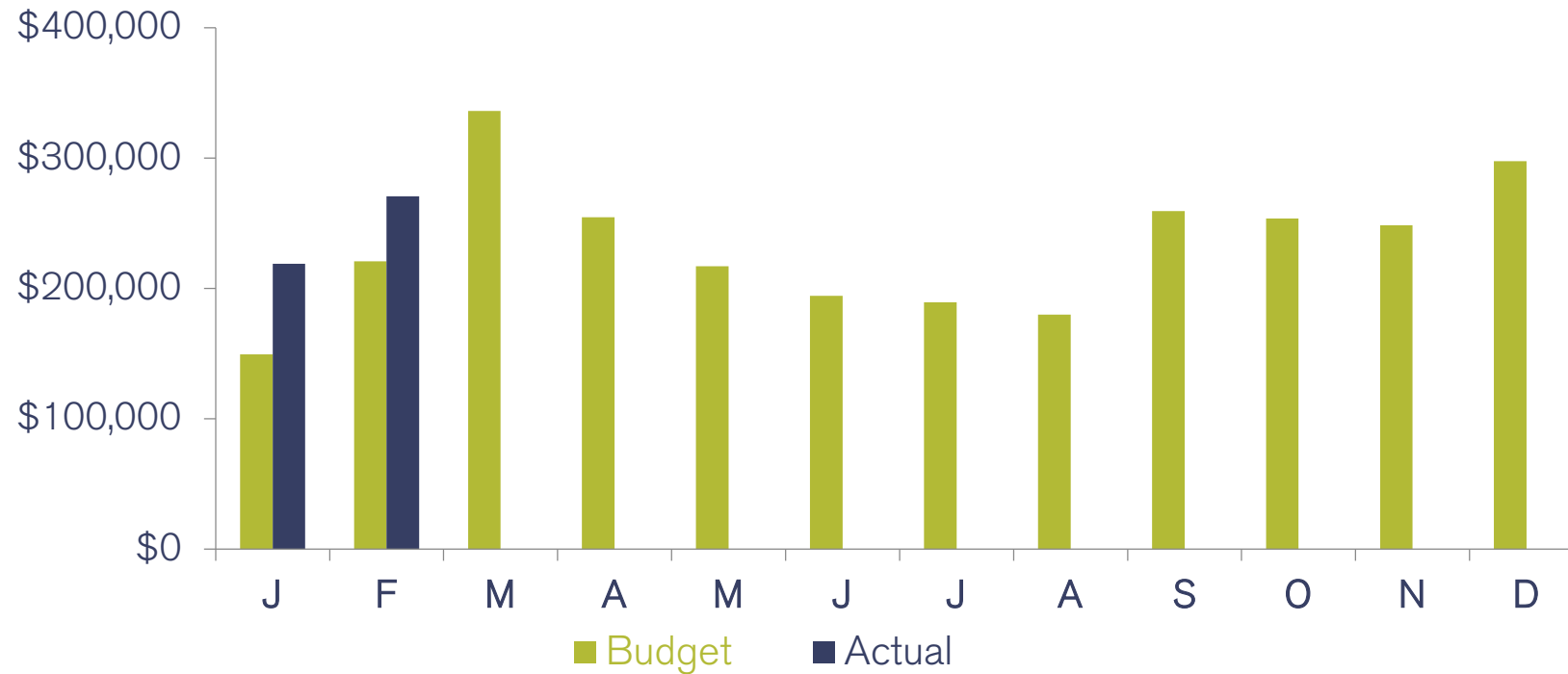
Return on Assets (ROA) started the year strong as the year-to-date ROA after February is 51.1 bps on average assets of \$574.6 million for the first two months.

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 \$610.7 million at the end of February, a decrease of \$4.1 million from the previous month.

Millennium Corporate is defined as "Well Capitalized" and we ended the month with Retained Earnings of \$13,393,156, representing a Retained Earnings ratio of 2.19% and a Tier 1 ratio of 6.21%.



2018 Budget/Actual Net Income



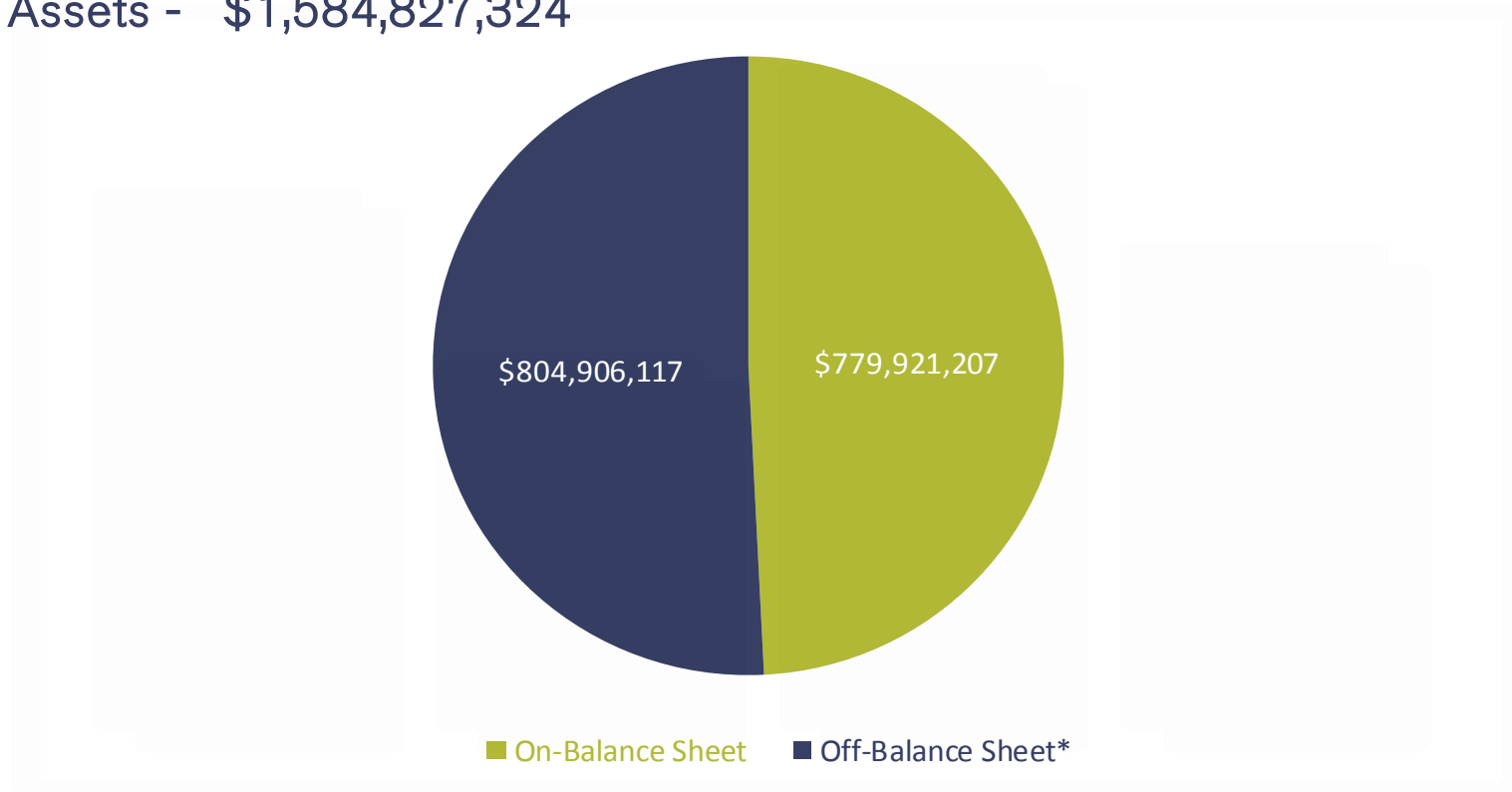
YTD Actual/Budget Variance

February 2018 YTD			
<i>(In Thousands)</i>	Actual 2018	Budget 2018	Variance
Net Interest Income	\$902.8	\$777.0	\$125.8
+ Non-Interest Income	\$766.6	\$783.1	(\$16.5)
- Operating Expenses	\$1,043.2	\$1,048.7	\$5.5
= Net Operating Income	\$626.2	\$511.4	\$114.8
+ CUSO Gains/Losses	\$23.3	\$20.7	\$2.6
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$159.8	\$161.9	\$2.1
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$489.7	\$370.3	\$119.4

Total Assets | On- and Off-Balance Sheet

February 2018

Total Managed Assets - \$1,584,827,324



Liquidity Commentary

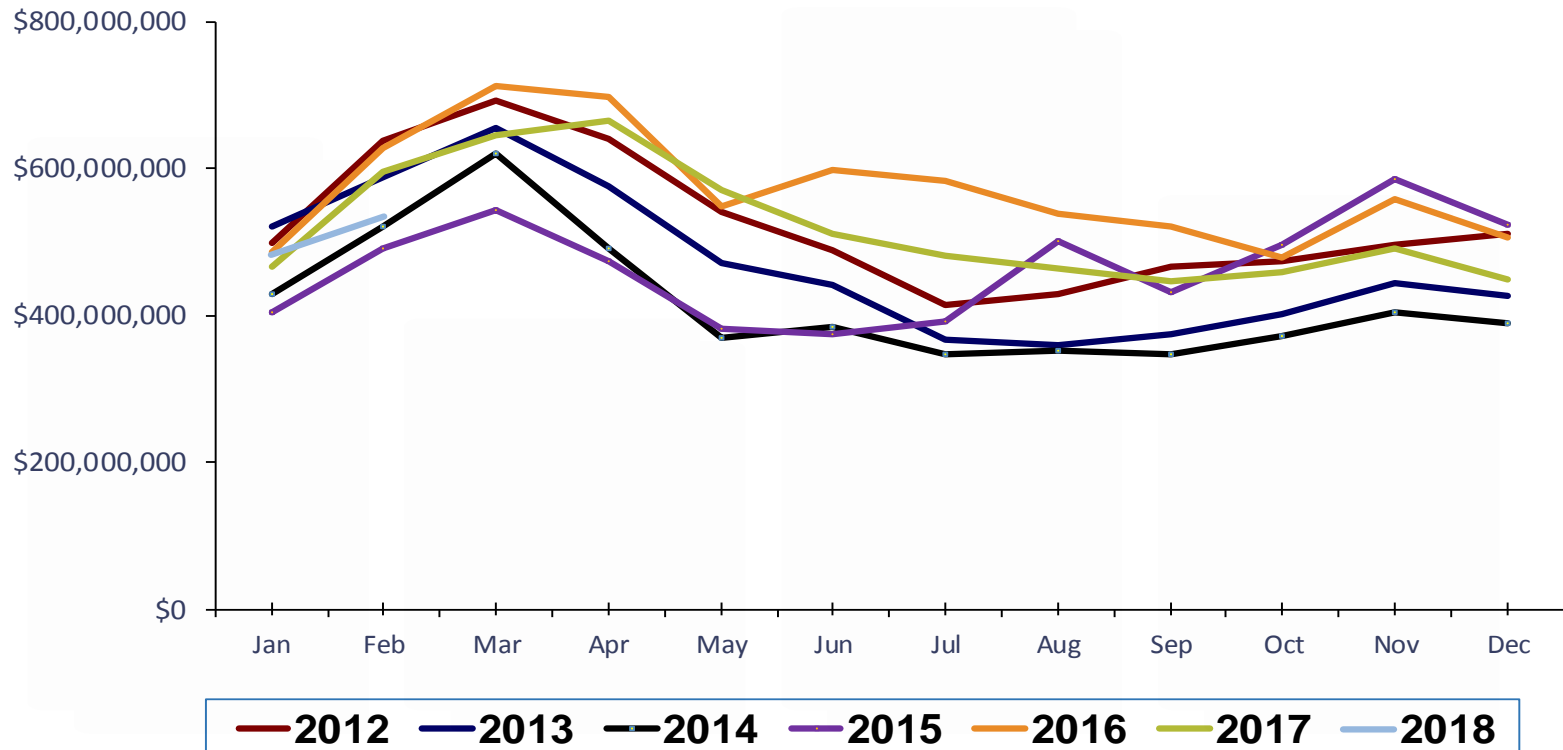
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in February 2018. Millennium Corporate currently has a Collateralized LOC of \$184.5 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Average member credit union daily loan balances have decreased significantly as liquidity has increased – which is a historical trend at this time of the year. Loan balances averaged \$16.2 million in February and have averaged \$5.0 million during most of March.
- February month-end figures show SimpliCD issuance totals of \$157.0 million.

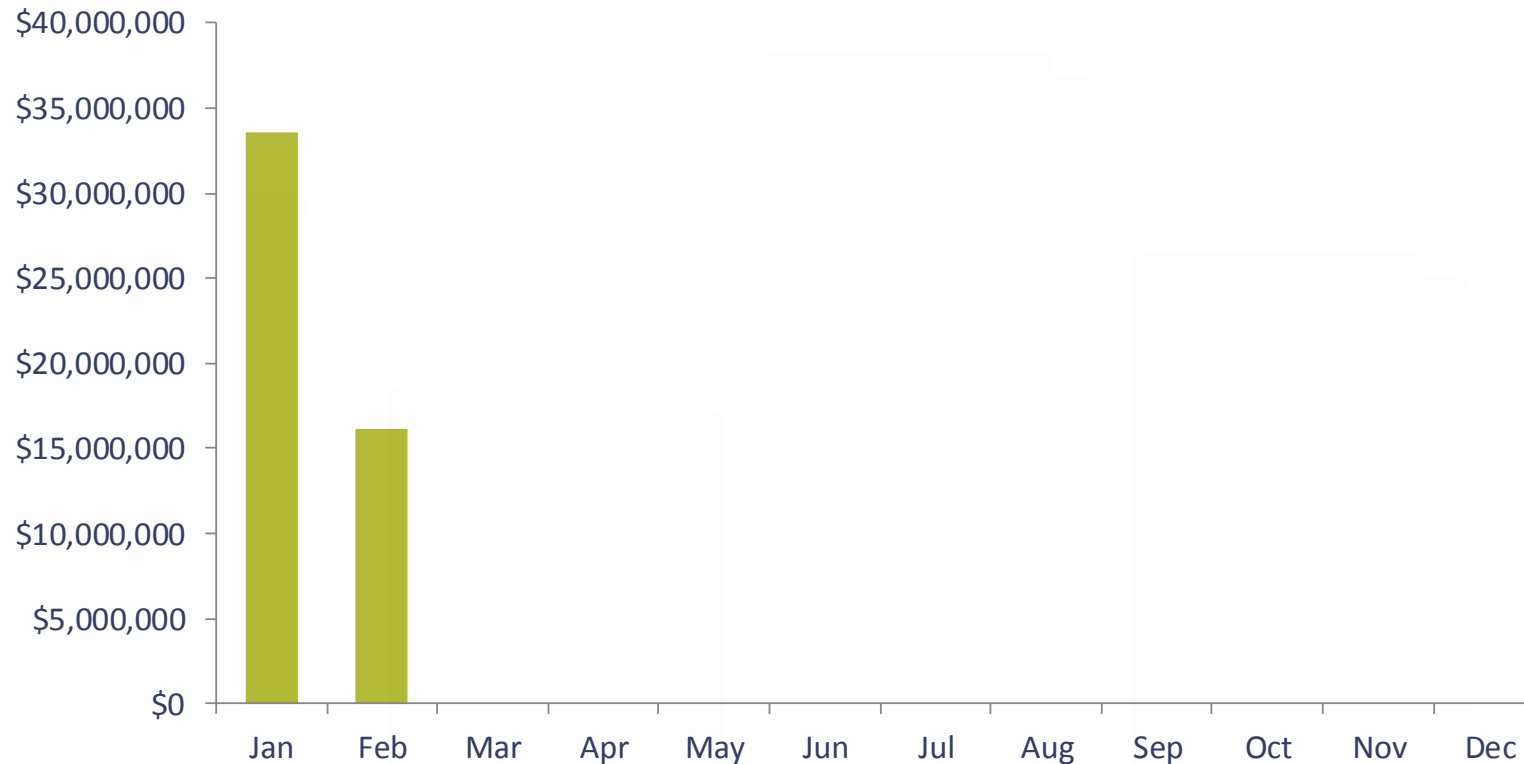
Graphical representations of the seasonal activity of member overnight deposits since 2012, and average member borrowing activity for 2018 follow this commentary.



Historical Member Overnight Deposits



2018 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results January 2018						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
Base Case	\$67,910,933	-	-	12.63%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$67,219,273	(\$691,660)	(1.02%)	12.52%	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 February 2018, is \$3,190,706
- Retained Earnings ratio is 2.19% as of February 2018 versus 1.57%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's February 2018 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.19% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 6.21% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 44.4% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 79.5% | Minimum Requirement – 8.00%
 - GAAP Capital – 11.07%

Board Meeting Recap

Board of Director's Meeting – March 29, 2018

- Approved February 2018 Financial Statements & Committee Reports
- Approved January 2018 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management..
 - Completed transition to our new safekeeping vendor – transferred \$1 billion securities
 - Preparations for Millennium's Annual Meeting to be held in Kansas City on April 26th & 27th
 - Update on the Alliance of Corporate CUs meeting with National Meeting of State Regulators
 - Completed new Symitar (core processor) update and releases
 - Reviewed December 2017 call report data – Millennium members represent assets of \$24.4 billion and 2.4 million members
 - Update on rate changes made after recent FOMC meeting
 - March 2018 PCC rate is 2.00% - 0.33% over fed funds effective rate



Board Meeting Recap

Board of Director's Meeting – March 29, 2018

- Jerry Tenbrink of J. Tenbrink & Associates met with the Board to review the results of the Independent Auditors' Report on the audit of Millennium's 2017 financial statements. Mr. Tenbrink 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 23, 2018.
- Kip Poe, VP-Information & Technology, presented the Millennium Security Program Board Report (per the guidelines set in NCUA - Part 748 Appendix A, Sect III, F).
- Approved the updated Initiatives for Millennium's Strategic Plan and the Measures/Targets for 2018 – 2020.



Facts & Figures

Periodically, it's helpful to step back and reflect how much activity Millennium Corporate does for members on a daily basis. A short recap of Millennium's investment, liquidity and payment services is provided below.

- **Investment Services** as of February 2018
 - Marketable Securities Sales: \$252.0 Million
 - Brokered certificates of deposits: \$544.2 Million
 - Safekeeping: \$951.1 Million
 - AIM (quarterly asset/liability management reviews): 60 credit union clients
- **Liquidity Services** as of February 2018
 - Advised Lines-of-Credit: 260 members for \$679.0 Million
 - SimpliCD Issuance: 21 members for \$157.0 Million
- **Payment Services** (average daily amount for 2017)

▪ ACH Receipt (total debits & credit):	\$14,188,337
▪ ACH Origination (total debits & credit):	\$4,633,687
▪ Incoming & Outgoing Wires:	\$33,796,477
▪ Checks Settlement (incoming & outgoing):	\$92,928,040
▪ Coin & Currency Deliveries:	\$10,486,658



Annual Meeting Events – The Fontaine Hotel

Thursday, April 26, 2018

- Kick-Off from 12:30 to 3:30 with an afternoon of food, fun and games at No Other Pub at Sporting KC
 - At the Power & Light District
 - Transportation – to and from – the hotel will be provided
- From 5:00 to approximately 10:00 for enjoying dinner and a Royals game with our CU peers
 - At the Kaufman Stadium in the Hall of Fame Suites
 - Transportation – to and from – the hotel will be provided

Friday, April 27, 2018

- Day starts with breakfast 7:30 to 9:00
- Speakers from 9:00 to 1:30 – lunch provided
 - Commander Mark Nutsch – leadership and teamwork (12 Strong)
 - Alix Patterson, Partner at Callahan & Associates
 - John Norris, Oakworth Capital – speak about the US economy in 2018
- 1:30 – 2:30: 66th Millennium Annual Meeting



April 2018

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
2	3	4	5	6
9 CUAD Annual Summit	10 NCUL Leadership Summit CUAD Annual Summit	11 Millennium Corporate Annual Meeting ROOM BLOCK EXPIRES! (6 PM) NCUL Leadership Summit CUAD Annual Summit	12	13
16 Millennium Corporate Supervisory Committee Meeting	17	18	19	20
23	24	25	26 Millennium Corporate Annual Membership Meeting – Kansas City, MO Board & ALCO Meetings	27 Millennium Corporate Annual Membership Meeting – Kansas City, MO
30	1	2	3	4