



Membership Report | May 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 – March 2018
- Board Meeting Recap
- Credit Committee Recap
- Calendar of Events – June 2018



Financial Commentary

Net Income for April was \$342,054, above budget by \$87,326 or 34.3% for the month. Net interest income was \$87,141 or 18.1% higher than budget due to the recent rate increase and the higher yield on our floating rate investments. Non-interest income was \$23,122 or 5.9% higher, reflecting more service usage. Operating expenses were higher than budgeted by \$12,094 and 2.3% due to salary accruals and the annual meeting expenses. CUSO loss was significantly more than budgeted - \$10,839 or 108.4%. PCC dividends were right on budget. The year-to-date coverage ratio (fee income/operating expenses) is 76.0% which is greater than the 2018 goal of 75.1%.

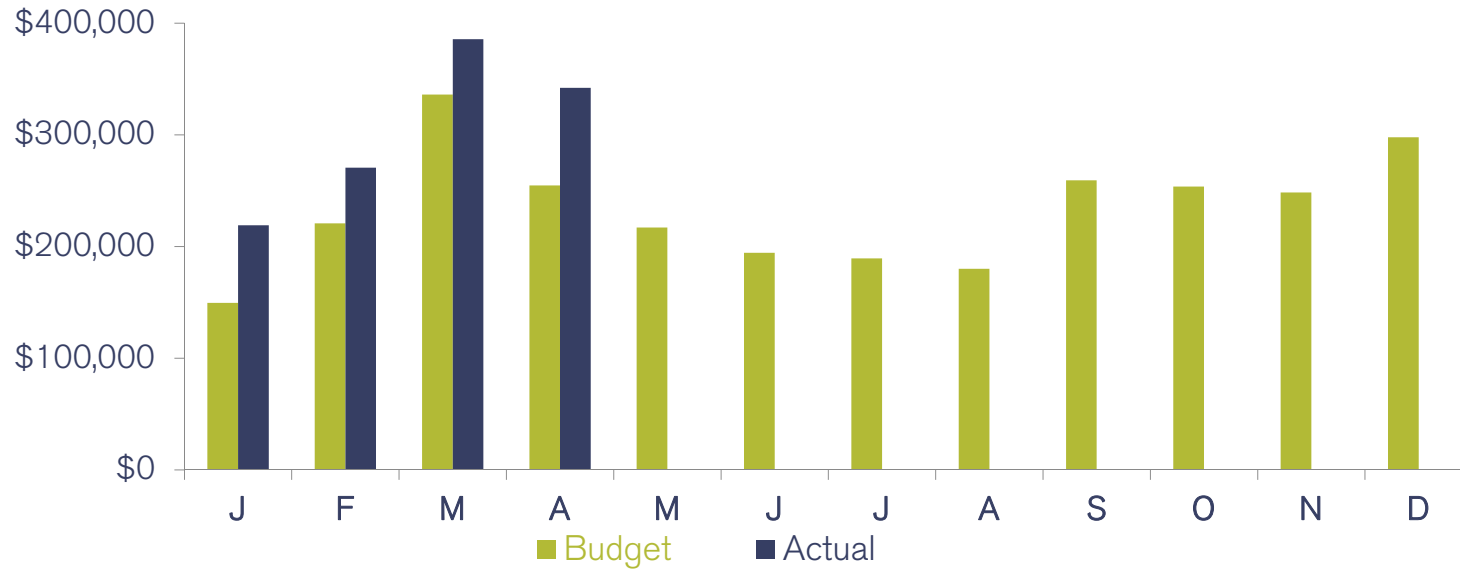
Return on Assets (ROA) has started the year strong as the year-to-date ROA after April is 55.4 bps on average assets of \$659.9 million for the first four months.

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 \$609.9 million at the end of April, similar to the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$14,120,885, representing a Retained Earnings ratio of 2.32% and a Tier 1 ratio of 6.46%.



2018 Budget/Actual Net Income



YTD Actual/Budget Variance

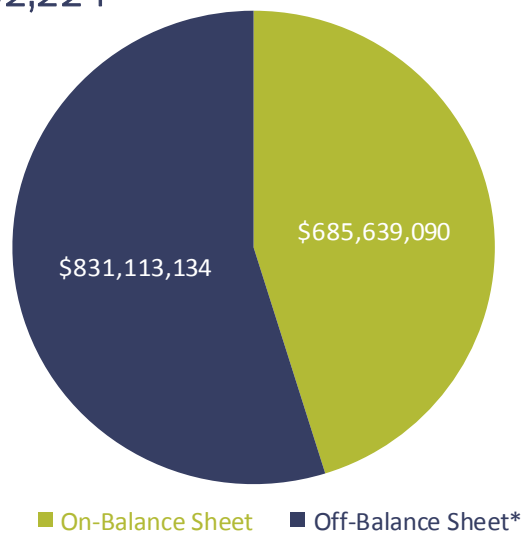
April 2018 YTD <i>(In Thousands)</i>	Actual 2018	Budget 2018	Variance
Net Interest Income	\$2,051.6	\$1,811.9	\$239.7
+ Non-Interest Income	\$1,641.7	\$1,564.9	\$76.8
- Operating Expenses	\$2,160.8	\$2,108.8	(\$52.0)
= Net Operating Income	\$1,532.5	\$1,268.0	\$264.5
+ CUSO Gains/Losses	\$30.4	\$40.7	(\$10.3)
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$345.5	\$347.5	\$2.1
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$1,217.4	\$961.2	\$256.2



Total Assets | On- and Off-Balance Sheet

April 2018

Total Managed Assets - \$1,516,752,224



Liquidity Commentary

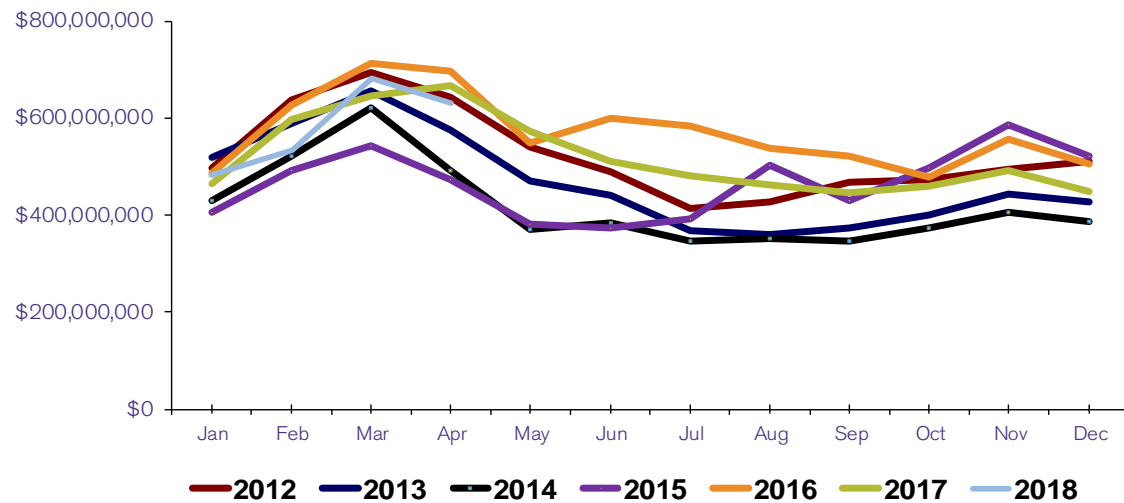
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in April 2018. Millennium Corporate currently has a Collateralized LOC of \$185.2 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Average member credit union daily loan balances have started to increase – which is a historical trend at this time of the year. Loan balances averaged \$4.9 million in March; averaged \$9.8 million in April; and have averaged \$23.0 million during most of May.
- April 2018 month-end figures show SimpliCD issuance totals of \$156.6 million.

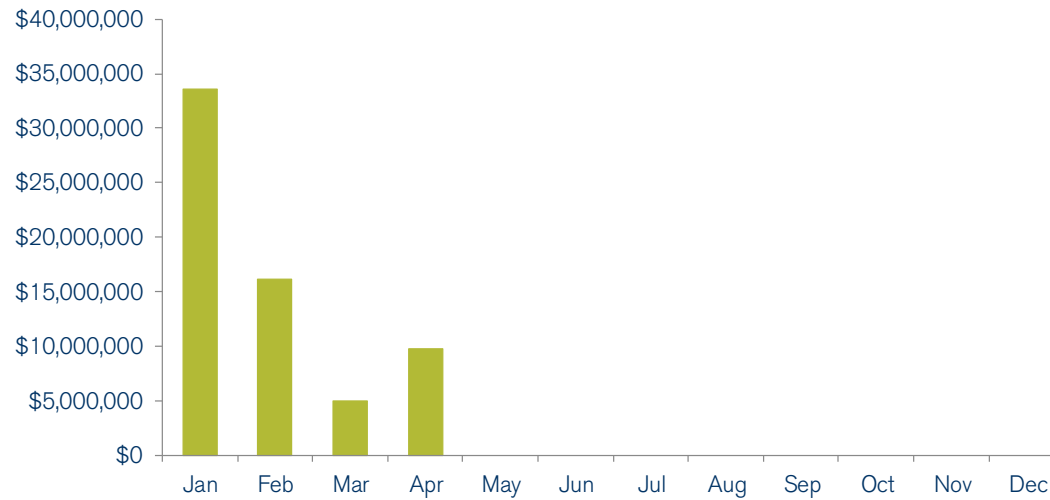
Graphical representations of the seasonal activity of member overnight deposits since 2012, and average member borrowing activity for 2018 follow this commentary.



Historical Member Overnight Deposits



2018 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results March 2018						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
Base Case	\$69,450,261	-	-	7.86%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$68,856,185	(\$594,076)	(0.86%)	7.80%	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 2018, is \$3,364,125
- Retained Earnings ratio is 2.32% as of April 2018 versus 1.67%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's April 2018 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.32% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 6.46% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 46.3% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 80.6% | Minimum Requirement – 8.00%
 - GAAP Capital – 11.20%



Board Meeting Recap

Board of Director's Meeting – May 24, 2018

- Approved April 2018 Financial Statements & Committee Reports
- Approved March 2018 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management..
 - Communication regarding upcoming exam, cyber trends forum & Kansas CU Council meeting
 - Alliance of Corporate CU meetings regarding U.S. Faster Payments Council initiative; Cleveland FRB President (FOMC voting member); FRB Credit Risk Management regarding NCUA corporate rules
 - Participated in Montana Credit Union's annual meeting and CUNA Mutual & Millennium were the primary sponsors of golf tournament raising funds for MCUCD (in addition to the \$2,000 contributed earlier this year)
 - Reviewed corporate rate comparisons – Millennium in top two for overnight rates; top three for PCC; and in the top for the lowest loan rates
 - May PCC rate will be 2.15% - 0.46% higher than the fed funds effective



Board Meeting Recap

Reviewed the financial results of our CUSO investments...

- Primary Financial Company, LLC (SimpliCD) had net income of \$164,138 for Q1 2018. The company has total equity of \$19.7 million, representing an equity ratio of 41.7% as of March 2018. Millennium's current ownership percentage is 12.0%. Millennium ended March at an all-time high with outstanding SimpliCD balances of \$538.3 million and SimpliCD issuance of \$156.6 million, an option used by Millennium members to generate additional liquidity.
- CU Business Group, LLC (CUBG) had net income of \$19,582 for Q1 2018. Total equity is \$2,411,545, representing an equity ratio of 62.5% as of March 2018. Millennium's current ownership percentage is 4.41%.
- CU Investment Solutions, LLC (ISI) had a net loss of \$43,371 for the calendar 1Q of 2018. ISI's fiscal year runs from October 2017 through September 2018, so the results for the calendar quarter reflect the 2Q results for their fiscal year. Year-to-date income reflects a net loss of \$239,953. Investment sales activity for credit unions continue to be down from previous years due to increasing loan volume amongst credit unions. As of March 2018, ISI had retained earnings of \$590,341, reflecting an equity ratio of 33.6%. Millennium's current ownership percentage is 25.0%.



Board Meeting Recap

Board of Director's Meeting – May 24, 2018

- Board approved revisions to the Lending Policy based on recommendations of the Credit Committee - which had previously reviewed the credit scoring analytics utilized in the past three years. Revisions will streamline the process and limit the lines-of-credit reviewed by the Credit Committee.
- Board approved revisions to the Investment Policy as recommended by both the ALCO and Management. Majority of the revisions were housekeeping items such as accurately identifying our field of membership, staff responsible for investment decisions, and describing post purchase investment reviews. Additionally, the references to preferences to percentages of capital have been updated to reflect our current levels of capital.
- Board approved revisions to the Asset Liability Management Policy as recommended by both the ALCO and Management. The revisions were housekeeping items to identify members of the ALCO, accurately identify NCUA departments, remove reference to books of business and the required monthly reporting has been updated to match changes implemented during the recent merger.



Credit Committee Recap

Credit Committee Meeting – May 16, 2018

- The Committee elected Paul Meissner, CFO of CU of America in Wichita, KS, as Chairman
- The Committee reviewed and approved 68 lines-of-credit
- The Committee reviewed the Monitor Report
- Canceled one line-of-credit
- Reviewed the semi-annual net worth ratio report
- Approved a revision to the Lending Policy for the Board's consideration and approval
- Current Advised LOC status – 260 Lines/\$683.7 million
- Next meeting – July 10, 2018



June 2018

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
28	29	30	31	1
4 Millennium Enterprise Risk Management Meeting KDCU/NCUA Pre-Exam	5 KDCU/NCUA Pre-Exam	6 KDCU/NCUA Pre-Exam	7 KDCU/NCUA Pre-Exam	8 KDCU/NCUA Pre-Exam
11 KDCU/NCUA Exam	12 NCUL Annual Meeting & Convention Kearney, NE KDCU/NCUA Exam	13 NCUL Annual Meeting & Convention Kearney, NE KDCU/NCUA Exam	14 NCUL Annual Meeting & Convention Kearney, NE KDCU/NCUA Exam	15 KDCU/NCUA Exam
18 KDCU/NCUA Exam	19 KDCU/NCUA Exam	20 KDCU/NCUA Exam	21 KDCU/NCUA Exam	22 KDCU/NCUA Exam
25	26	27 Millennium Board & ALCO Meetings St. Louis, MO	28 Millennium Board & ALCO Meetings St. Louis, MO	29