



Membership Report | November 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
- Interest Rate Risk/Net Economic Value Report – September 2018
- Capital Commentary
- Board Meeting Recap
- Calendar of Events – December 2018



Financial Commentary

Net Income for October was \$293,206, above budget by \$39,539 or 15.6% for the month. Net interest income was \$39,683 or 8.0% higher than budget due to the higher yield on our floating rate investments and higher loan balances than budgeted. Non-interest income was under budget \$33,686 or 8.0% due to less activity for the month. Operating expenses were under budget by \$44,688 or 8.4% due to lower salary accruals and lower planning session expenses. CUSO loss was more the budget by \$8,843 due to a loss on our broker dealer CUSO. PCC dividends were slightly above budget by \$2,302 or 2.0% due to providing a better return to our membership. The year-to-date coverage ratio (fee income/operating expenses) is 76.0% which is greater than the 2018 goal of 75.1%.

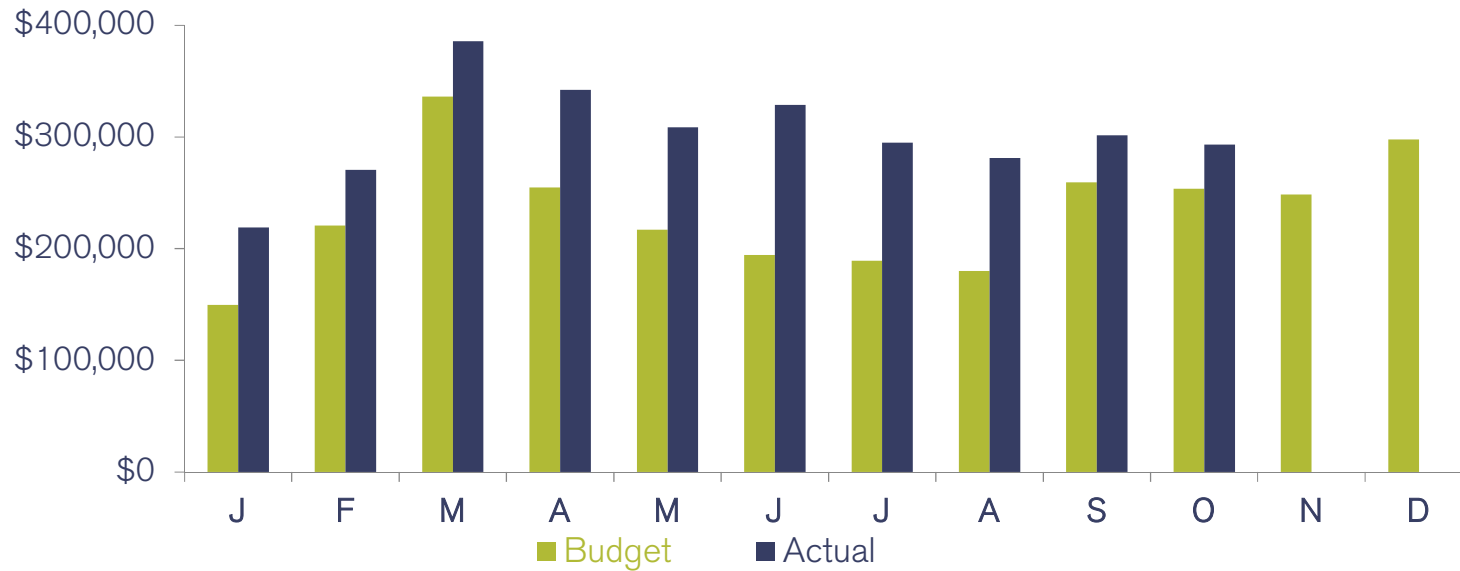
Return on Assets (ROA) has been strong as the year-to-date ROA after October is 60.5 bps on average assets of \$599.5 million for the first ten months of the year.

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 \$595.2 million at the end of October, a decrease of \$4.2 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$15,928,992 representing a Retained Earnings ratio of 2.68% and a Tier 1 ratio of 11.31%.



2018 Budget/Actual Net Income



YTD Actual/Budget Variance

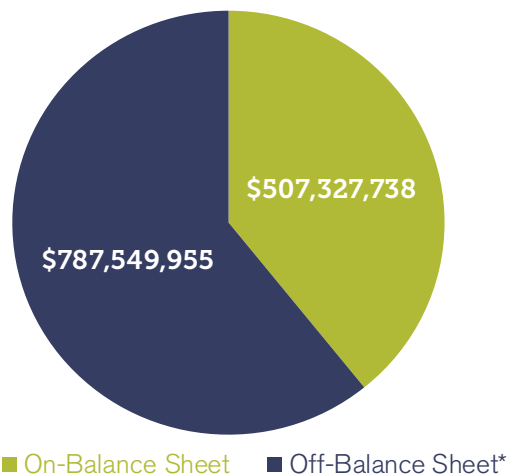
October 2018 YTD <i>(In Thousands)</i>	Actual 2018	Budget 2018	Variance
Net Interest Income	\$5,267.3	\$4,512.1	\$755.2
+ Non-Interest Income	\$3,989.0	\$3,927.4	\$61.6
- Operating Expenses	\$5,249.3	\$5,283.0	(\$33.7)
= Net Operating Income	\$4,007.0	\$3,156.5	\$850.5
+ CUSO Gains/Losses	(\$1.2)	\$76.8	(\$78.0)
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$983.1	\$978.3	(\$4.8)
+ Other Gains/Losses	\$2.9	\$0.0	\$2.9
= Net Income	\$3,025.6	\$2,255.0	\$770.6



Total Assets | On- and Off-Balance Sheet

October 2018

Total Managed Assets - \$1,294,877,693



Liquidity Commentary

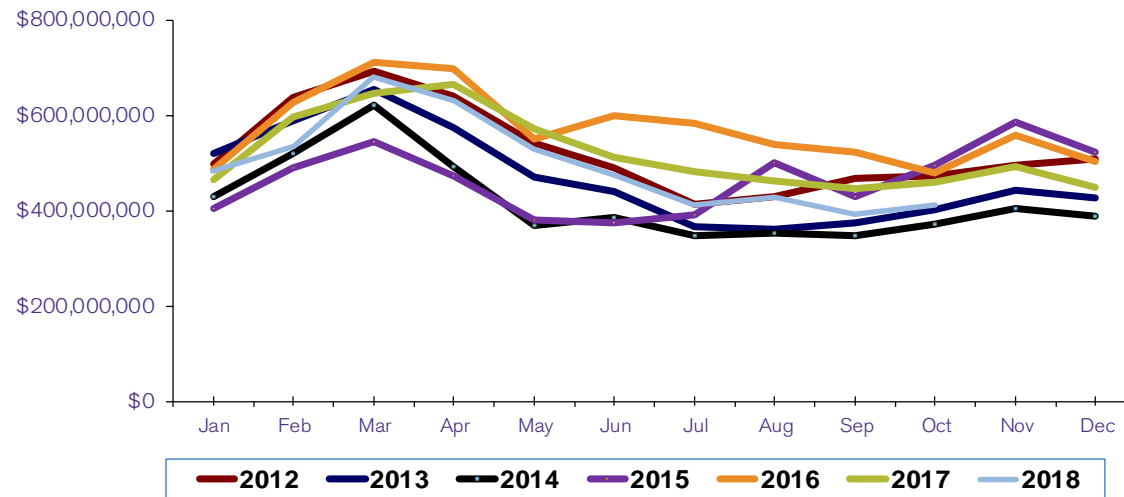
Millennium Corporate accessed our FHLB Line-of-Credit (LOC) multiple times in October 2018. Millennium Corporate currently has a Collateralized LOC of \$170.0 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Average member credit union daily loan balances have remained high – which is a historical trend at this time of the year. Loan balances averaged \$42.8 million in June; \$48.8 million in July; \$50.9 million in August; \$49.8 million in September; \$45.4 million in October; and averaged \$53.1 million during most of November.
- October 2018 month-end figures show SimpliCD issuance totals of \$168.9 million.

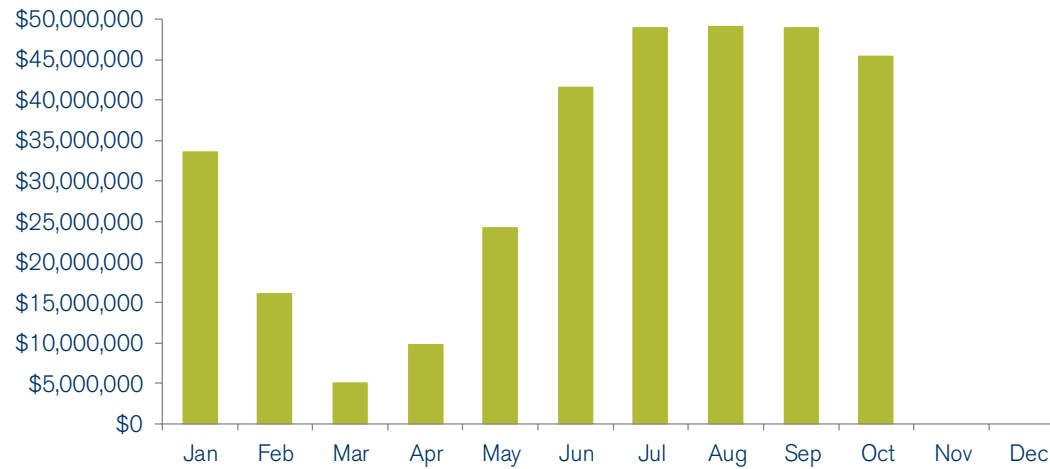
Graphical representations of the seasonal activity of member overnight deposits since 2012, and average member borrowing activity for 2018 follow this commentary.



Historical Member Overnight Deposits



2018 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results September 2018						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$71,059,623	+ \$311,395	+ 0.44%	12.17%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS
Base Case	\$70,748,228	-	-	12.12%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$69,683,697	(\$1,064,531)	(1.51%)	11.96%	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 October 2018, is \$3,691,903
- Retained Earnings ratio is 2.68% as of October 2018 versus 1.97%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's October 2018 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.68% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 11.31% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 84.0% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 84.0% | Minimum Requirement – 8.00%
 - GAAP Capital – 11.78%



Board Meeting Recap

Board of Director's Meeting – November 29, 2018

- Approved October 2018 Financial Statements & Committee Reports.
- Approved September 2018 Net Economic Value (NEV) Reports.
- Received updates on the following initiatives from management..
 - Regulatory correspondence regarding new NCUA examiner in-charge and new proposed rule to amend the fidelity bond requirements for both corporates and natural person CUs
 - Discussion and update on the faster payments initiation, Federal Reserve Bank Town Hall meetings and the Federal Reserve Board Request for Comment
 - June 2018 market share of KS, MO, MT and NE was 18.2% - up from 17.7% at December 2017 – overall liquidity (investable funds) has declined in the past five years
 - Reviewed competitiveness of Millennium's rates – we are in top tier of all corporates
 - Reviewed September 2018 corporate call report data
 - November PCC rate will be 2.65% - 0.47% higher than the fed funds effective



Board Meeting Recap

Reviewed the financial results of our CUSO investments...

- Primary Financial Company, LLC (SimpliCD) had year-to-date net income of \$436,026. The company has total equity of \$20.0 million, representing an equity ratio of 42.7% as of September 2018. Millennium's current ownership percentage is 12.0%. Millennium ended September with outstanding SimpliCD balances of \$534.2 million and SimpliCD issuance of \$174.0 million, an option used by Millennium members to generate additional liquidity.
- CU Business Group, LLC (CUBG) had year-to-date net income of \$144,253. Total equity is \$2,536,216, representing an equity ratio of 70.4% as of September 2018. Millennium sponsored a CUBG Business Lending Bootcamp in Bozeman, MT in November. Currently, twenty-six Millennium members utilize CUBG services. Millennium's current ownership percentage is 4.41%.
- CU Investment Solutions, LLC (ISI) year-to-date income reflects a net loss of \$509,708. ISI's fiscal year runs from October 2017 through September 2018. Continued strong loan growth by credit unions has negatively impacted investment activity as credit unions have not reinvested maturing investments. As of September 2018, ISI had retained earnings of \$320,586, reflecting an equity ratio of 17.8%. Millennium's current ownership percentage is 25.0%.



Board Meeting Recap

Board of Director's Meeting – November 29, 2018

- Last month, the board discussed the overall concept of working together with our members to invest in the blockchain technology and to move forward with appropriate due diligence. Millennium management and our Compliance Officer reviewed the CULedger, LLC business plan; the operating agreement of CULedger Heartland, LLC; and a legal review. The Millennium Enterprise Risk Management Committee reviewed the due diligence actions and made a positive recommendation to the Board. The Board approved an investment in CULedger Heartland, LLC up to a maximum of \$25,000.
- Board approved the 2018 annual Policy Manual review.



December 2018

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
26	27	28	29	30
3	4	5	6	7
10	11	12 Millennium Credit Committee Meeting	13 MemServe Annual Meeting	14
17 Millennium Supervisory Committee Meeting	18	19	20 Millennium Board & ALCO Meetings	21
24	25 Christmas! Millennium Offices Closed	26	27	28