



Membership Report | October 2018

Agenda

- Financial Commentary
 - 2018 Budget/Actual Net Income
 - Actual/Budget Variance
 - Total Managed Assets – On- & Off-Balance Sheet
- 3Q Financial Review
 - Non-Interest Income Trends
 - Operating Expense Trends
 - Historical Coverage Ratio
 - Off-Balance Sheet Activity – SimpliCD & ISI
- Liquidity Commentary
 - Historical Member Overnight Deposits
 - 2018 Average Monthly Member Borrowings
- Interest Rate Risk/Net Economic Value Report – August 2018
- Capital Commentary
- Board Meeting Recap
- Supervisory Committee Recap
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- Calendar of Events – November 2018



Financial Commentary

Net Income for September was \$301,416, above budget by \$42,062 or 16.2% for the month. Net interest income was \$79,289 or 16.9% higher than budget due to the higher yield on our floating rate investments. Non-interest income was under budget \$4,437 or 1.1%. Operating expenses were right on budget, at \$281 higher or 0.1%. CUSO and other gains/losses was below budget by \$32,508 due to a loss on our broker dealer CUSO. PCC dividends were right on budget. The year-to-date coverage ratio (fee income/operating expenses) is 75.7% which is greater than the 2018 goal of 75.1%.

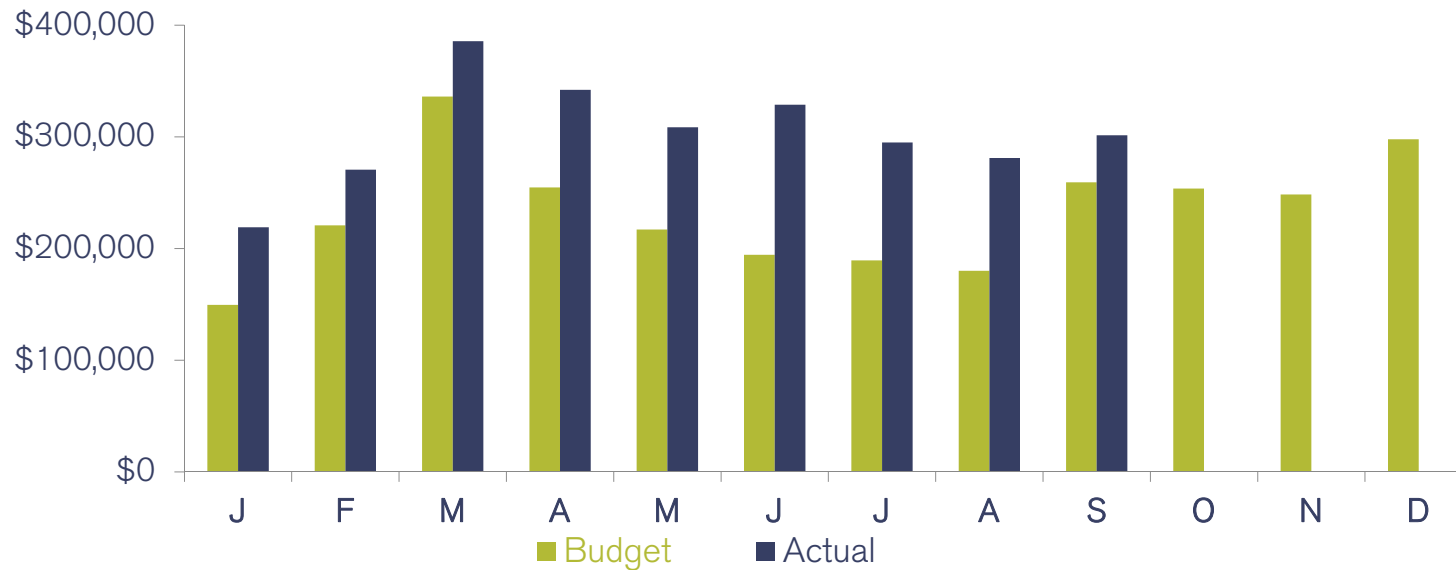
Return on Assets (ROA) has been strong as the year-to-date ROA after September is 60.0 bps on average assets of \$607.5 million for the first nine months of the year.

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 \$599.3 million at the end of September, a decrease of \$4.6 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$15,635,786, representing a Retained Earnings ratio of 2.61% and a Tier 1 ratio of 11.18%.



2018 Budget/Actual Net Income



YTD Actual/Budget Variance

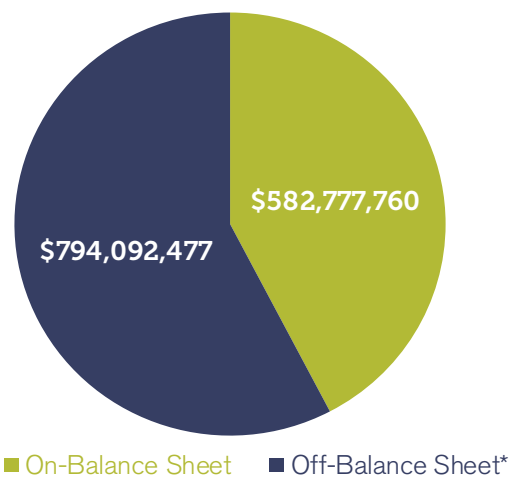
September 2018 YTD <i>(In Thousands)</i>	Actual 2018	Budget 2018	Variance
Net Interest Income	\$4,733.5	\$4,018.0	\$715.5
+ Non-Interest Income	\$3,601.6	\$3,506.4	\$95.2
- Operating Expenses	\$4,759.3	\$4,748.2	(\$11.1)
= Net Operating Income	\$3,575.8	\$2,776.2	\$799.6
+ CUSO Gains/Losses	\$21.6	\$90.7	(\$69.1)
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$868.0	\$865.5	(\$2.5)
+ Other Gains/Losses	\$2.9	\$0.0	\$2.9
= Net Income	\$2,732.3	\$2,001.3	\$731.0



Total Assets | On- and Off-Balance Sheet

September 2018

Total Managed Assets - \$1,376,870,237



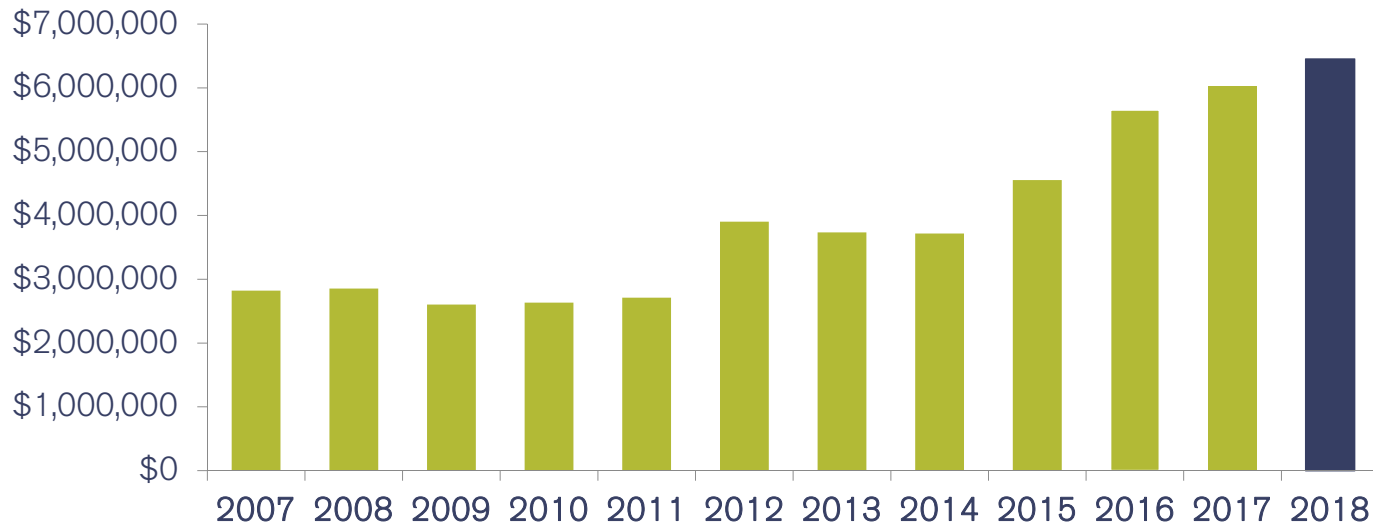
Annualized Non-Interest Income Trends



The 2018 budget projected a slight decrease in Non-Interest Income due to a projected decline in commission income. After the first nine months of the year, non-interest income is on pace to exceed the budget by 2.7%.



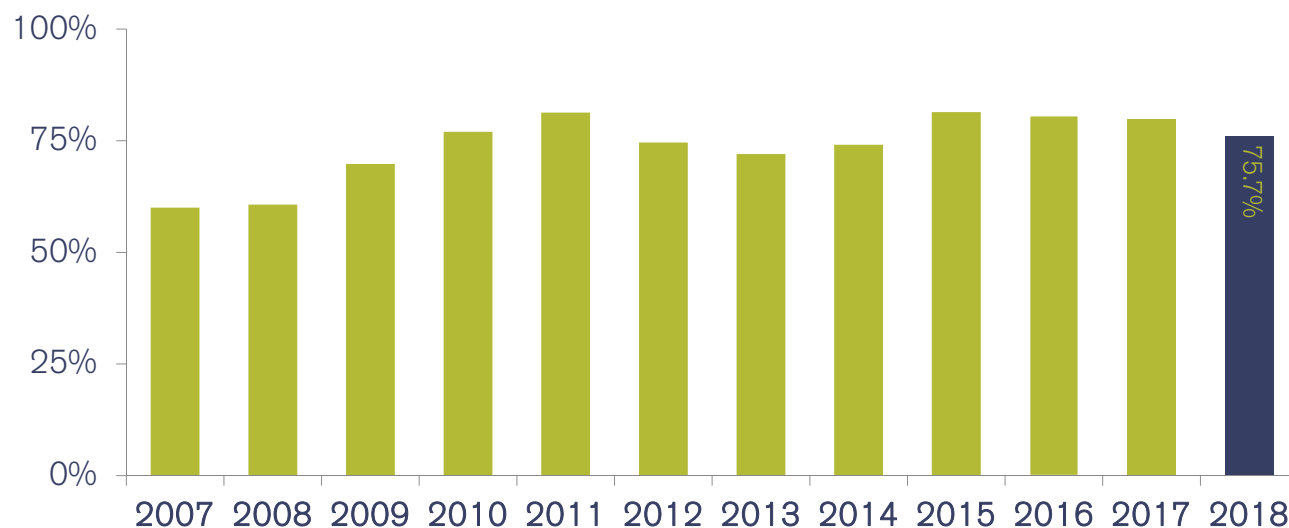
Annualized Operating Expense Trends



Operating Expenses are in line with the budget. After the first nine months of the year, operating expenses are \$11,025 or 0.2% more than budget.



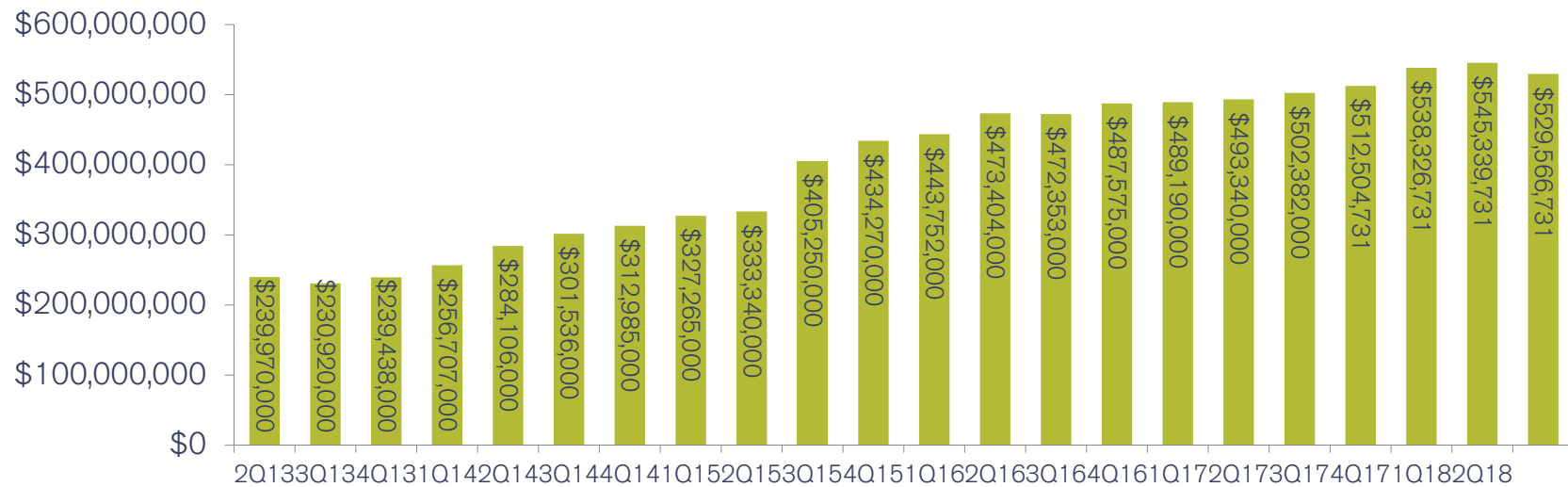
Coverage Ratio | Fee Income/Operating Expenses



The 2018 Coverage Ratio was budgeted to decline to 75.1% but after the first nine months of the year the actual ratio was 75.7% due to better non-interest income and the NCUSIF distribution.



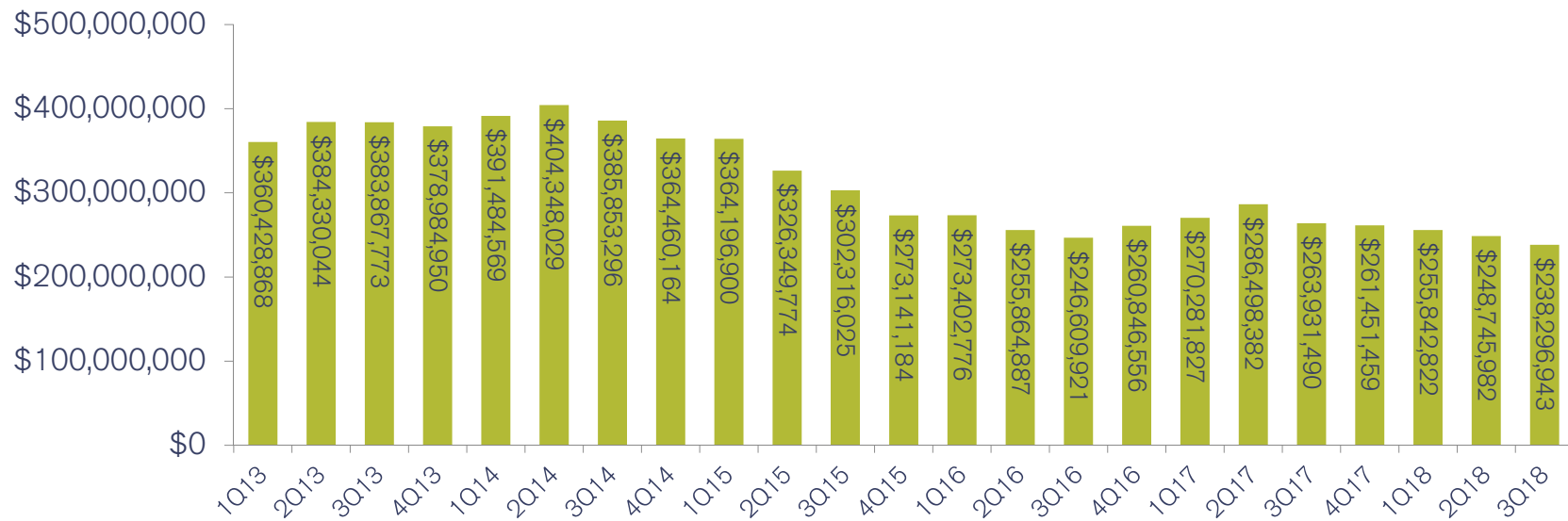
Total SimpliCD Outstanding



The Total SimpliCD outstanding amount declined for the first time in two years and ended September 2018 at \$529.6 million.



Total ISI Investments Outstanding



Outstanding securities sales peaked mid-year 2014. Since that time, loan growth has outpaced share growth – both nationally and regionally.



Liquidity Commentary

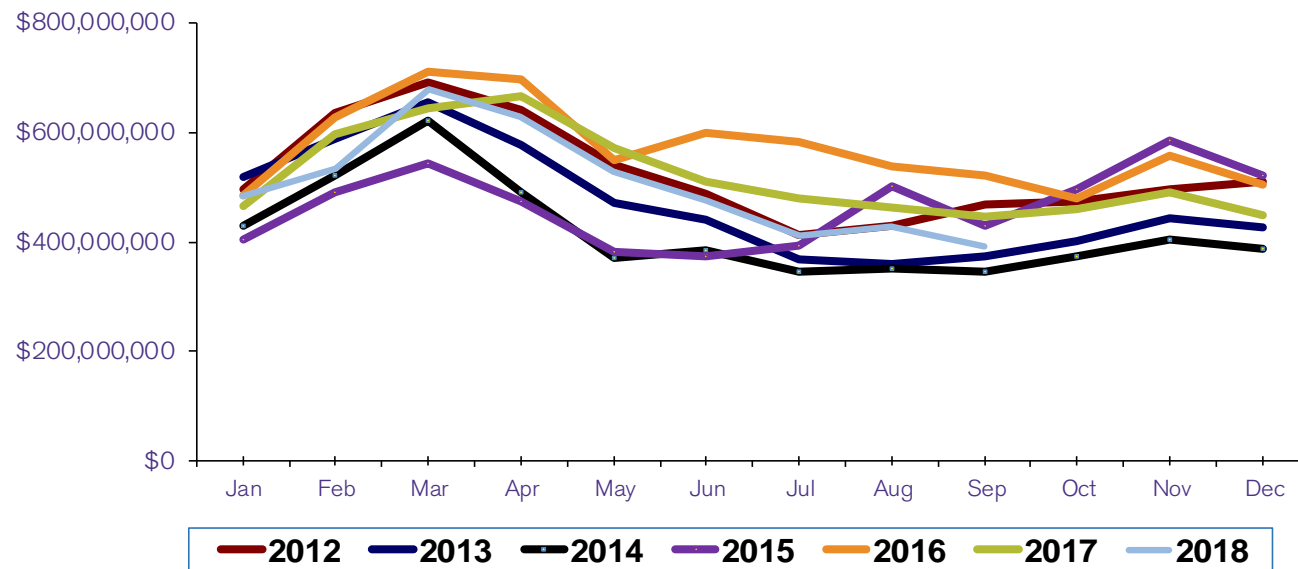
Millennium Corporate accessed our FHLB Line-of-Credit (LOC) multiple times in September 2018. Millennium Corporate currently has a Collateralized LOC of \$175.0 Million with the FHLB.

- 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; and averaged \$43.2 million during most of October.
- September 2018 month-end figures show SimpliCD issuance totals of \$174.0 million.

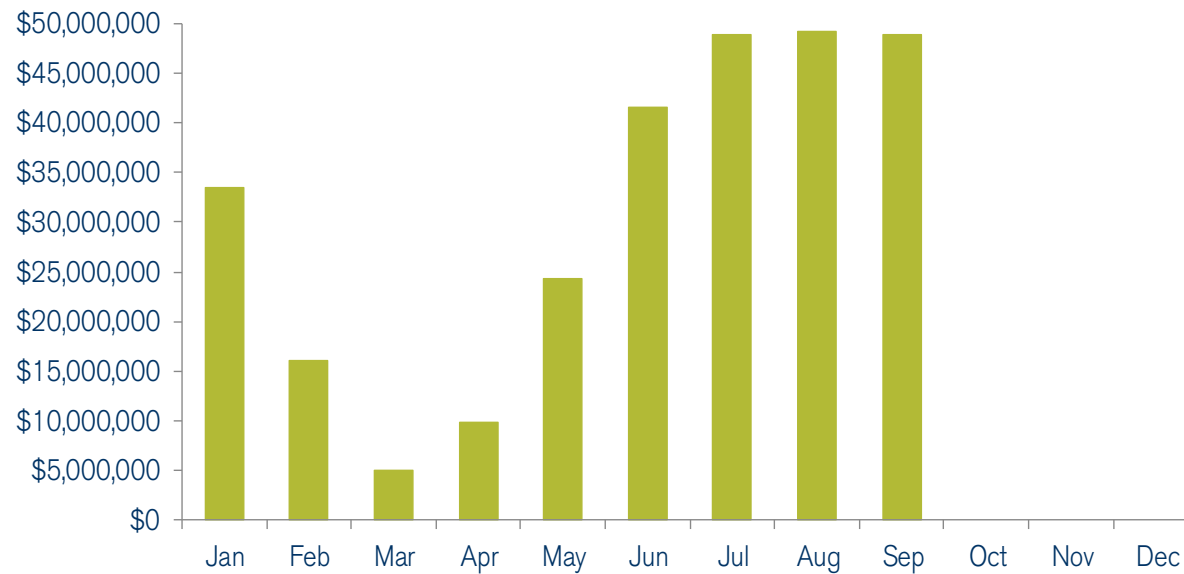
Graphical representations of the seasonal activity of member overnight deposits since 2012, and average member borrowing activity for 2018 follow this commentary.



Historical Member Overnight Deposits



2018 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results August 2018						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$70,763,921	+ \$294,688	+ 0.42%	11.50%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS
Base Case	\$70,469,233	-	-	11.46%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$69,484,747	(\$984,486)	(1.40%)	11.33%	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 September 2018, is \$3,625,501
- Retained Earnings ratio is 2.54% as of August 2018 versus 1.88%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's August 2018 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.61% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 11.18% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 83.5% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 83.5% | Minimum Requirement – 8.00%
 - GAAP Capital – 11.65%



Board Meeting Recap

Board of Director's Meeting – October 25, 2018

- Approved September 2018 Financial Statements & Committee Reports
- Approved August 2018 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management..
 - Attended Corporate CU Alliance meeting and reviewed three innovation concepts (Cross Corporate Liquidity Solutions; R&D CUSO; Data-as-a-Service); discussed the working group regarding the comment letter from the Alliance to the Federal Reserve Bank on Faster Payments; and met with NCUA staff and CLF.
 - Participated in the MT Fall Forum meetings, Millennium staff presented a session on Corporates and ALM to the CUlead and attended Pints & Politics meetings throughout MO & KS.
 - Federal Reserve Bank Faster Payments initiative and upcoming FRB Town Hall meeting
 - 2018 ACH and BSA compliance audits have been completed
 - Millennium staff participated in two-day Cyber-Attack Against Payments Systems exercise with FED
 - October PCC rate will be 2.50% - 0.32% higher than the fed funds effective



Board Meeting Recap

Board of Director's Meeting – October 25, 2018

- Discussed the opportunity of CUSO investment with our members to fund a portion of one share of CU Ledger. Instructed staff to finalize due diligence process and present to the ERM Committee prior to the next board meeting.
- Appointed Jerry Barnett, CEO of LincOne Federal CU, to the Credit Committee.



Supervisory Committee Recap

Supervisory Committee Meeting – October 15, 2018

- Reviewed the ACH Risk Assessment completed by Millennium Compliance Officer, Lori Domian
- Committee reviewed the results of the ACH Contingency Test
- Committee reviewed the results of the Billing Internal Audit and was accepted
- Internal Auditor reviewed the surprise vault cash count at the Kansas City Garda vault and was accepted
- Reviewed the status of the items on Millennium's matrix report of all issues of 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 – December 17, 2018



Credit Committee Recap

Credit Committee Meeting – October 22, 2018

- The Committee reviewed and approved 54 lines-of-credit
- Committee reviewed the Monitor Report
- Canceled six lines-of-credit due to mergers
- Reviewed the semi-annual net worth ratio report
- Current Advised LOC status – 252 Lines/\$705.5 million
- Next meeting – December 12, 2018



November 2018

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
29	30	31	1	2
5	6	7	8	9
12 Veterans' Day – Millennium Corporate Offices Closed	13	14	15	16
19 Millennium Corporate Enterprise Risk Management Committee Meeting – Wichita, KS	20	21	22 Thanksgiving – Millennium Corporate Offices Closed	23
26	27	28	29 Millennium Corporate Board & ALCO Meetings – Omaha, NE	30