



# Membership Report | January 2018

# Agenda

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- Financial Commentary
  - 2017 Budget/Actual Net Income
  - Actual/Budget Variance
  - Total Managed Assets – On- & Off-Balance Sheet
- 4Q Financial Review
  - Non-Interest Income Trends
  - Operating Expense Trends
  - Coverage Ratio
  - Off-Balance Sheet Activity – SimpliCD & ISI
- Liquidity Commentary
  - Historical Member Overnight Deposits
  - 2017 Average Monthly Member Borrowings
- Capital Commentary
- Interest Rate Risk/Net Economic Value Report – November 2017
- Board Meeting Recap
- Calendar of Events – February 2018



## Financial Commentary

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Net Income for December was \$421,825, above budget by \$151,455 or 56.0% for the month. Net interest income was \$12,381 or 2.8% higher than budget. Non-interest income was \$40,420 or 10.1% higher than budget due to more usage of services and AIM income was up due to a validation project for a member. Operating expenses were higher than budgeted by \$51,995 and 10.2% due to higher salary and promotion expenses. We recognized a liquidation dividend from a data processing CUSO that was inherited from the most recent merger - resulting in a positive variance of \$155,339. PCC dividends were \$4,690 or 6.4% more than budget. The year-to-date coverage ratio (fee income/operating expenses) is 79.6% which exceeds the 2017 goal of 75.2%.

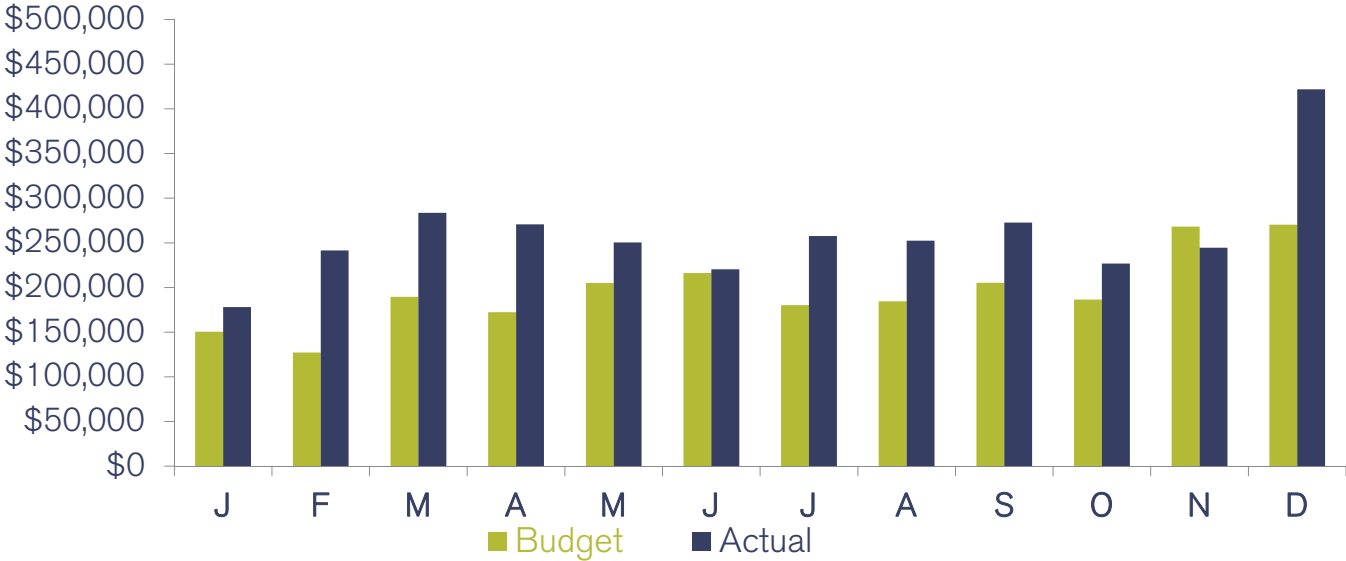
Return on Assets (ROA) for the year was 50.5 bps on average assets of \$617.9 million.

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 \$617.9 million at the end of December, a increase of \$0.3 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$12,903,440, representing a Retained Earnings ratio of 2.09% and a Tier 1 ratio of 5.98%.



# 2017 Budget/Actual Net Income



## YTD Actual/Budget Variance

December 2017   YTD <i>(In Thousands)</i>	Actual 2017	Budget 2017	Variance
Net Interest Income	\$4,776.4	\$4,433.7	\$342.7
+ Non-Interest Income	\$4,869.3	\$4,548.3	\$321.0
- Operating Expenses	\$6,115.4	\$6,049.9	(\$65.5)
= Net Operating Income	\$3,530.3	\$2,932.1	\$598.2
+ CUSO Gains/Losses	\$238.3	\$116.0	\$122.3
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$679.0	\$699.8	\$20.8
+ Other Gains/Losses	\$31.0	\$0.0	\$31.0
= Net Income	\$3,120.6	\$2,348.2	\$772.3

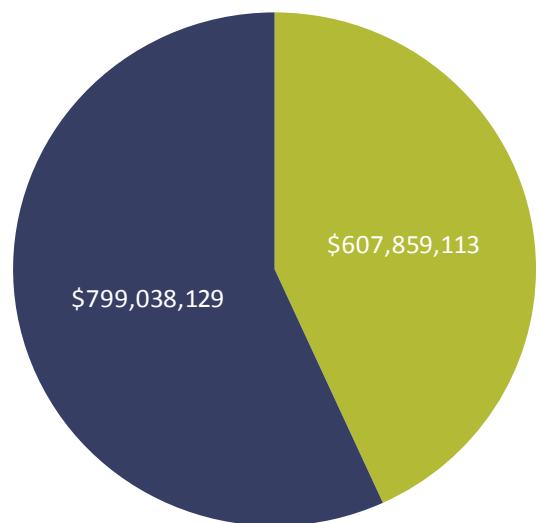


# Total Assets | On- and Off-Balance Sheet

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**December 2017**

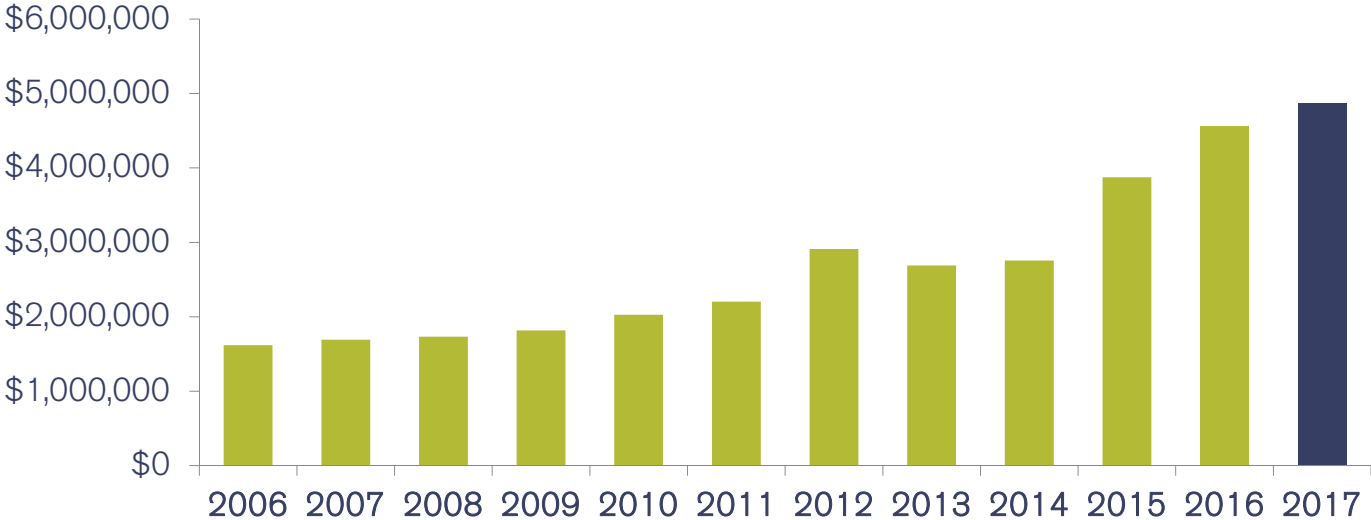
Total Managed Assets - \$1,406,897,242



■ On-Balance Sheet ■ Off-Balance Sheet\*



# Annualized Non-Interest Income Trends

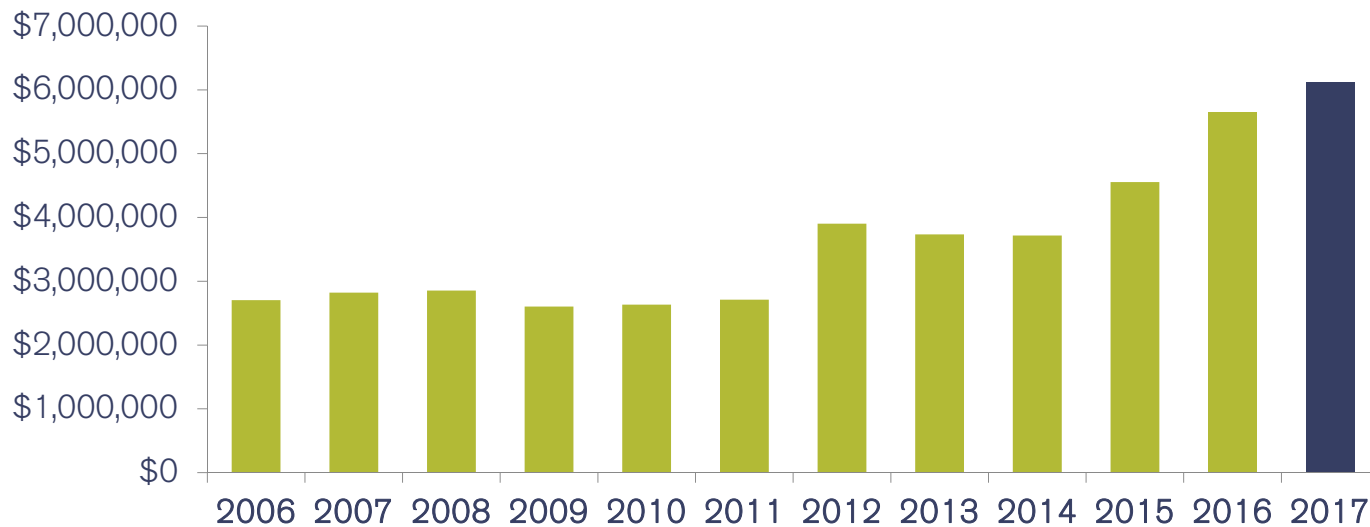


The 2017 budget projected a slight decrease in Non-Interest Income due to a projected decline in commission income – actual performance resulted in an increase in commission income. Non-interest income exceeded the budget by 7.1%.



# Annualized Operating Expense Trends

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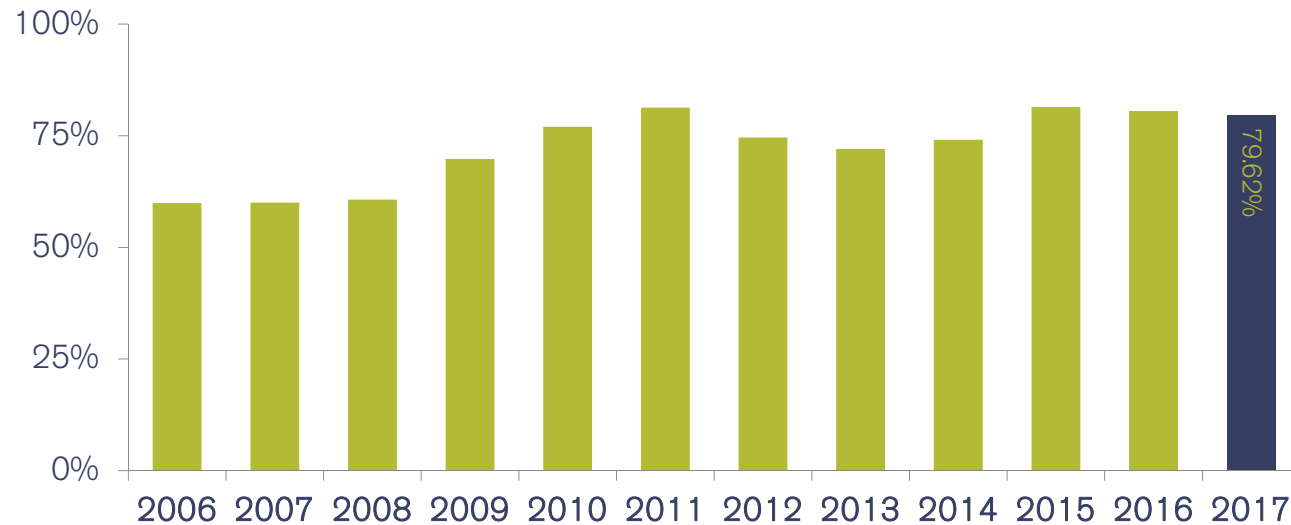


Operating Expenses are relatively inline with budget – operating expenses were only 1.1% more than budget.





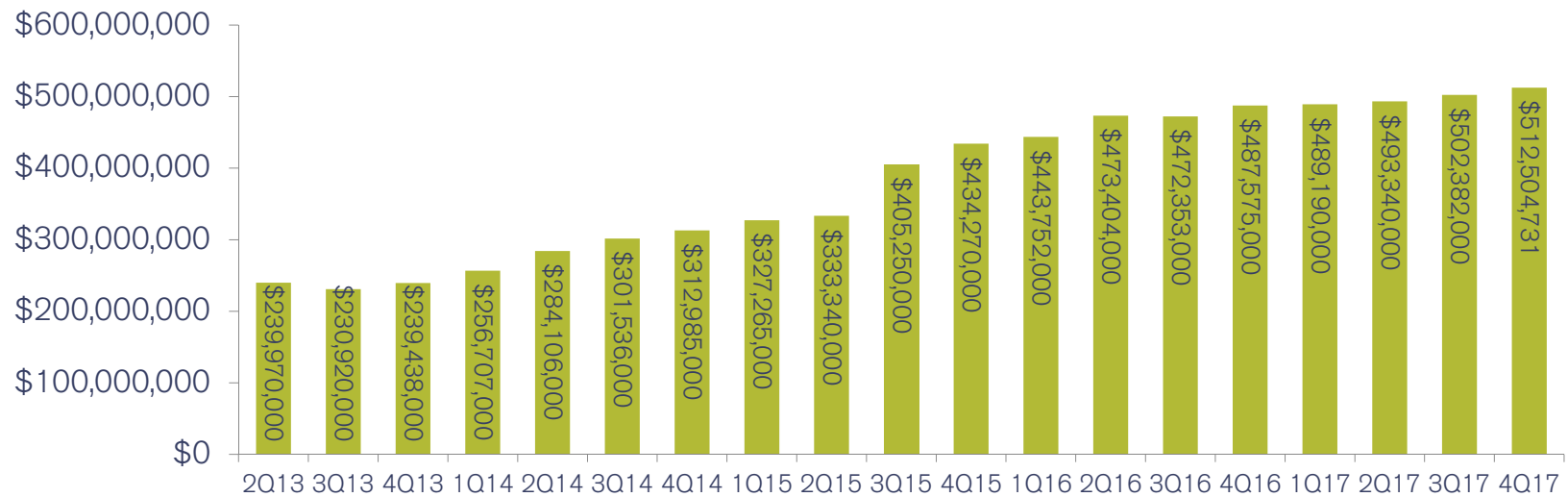
# Coverage Ratio | Fee Income/Operating Expenses



The 2017 Coverage Ratio was budgeted to decline to 75.2% but the actual ratio was 79.6% due to better non-interest income and stable operating expenses.



# Total SimpliCD Outstanding



The Total SimpliCD outstanding amount remained at record highs for the past two years and ended December 2017 at record high of **\$512.5 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

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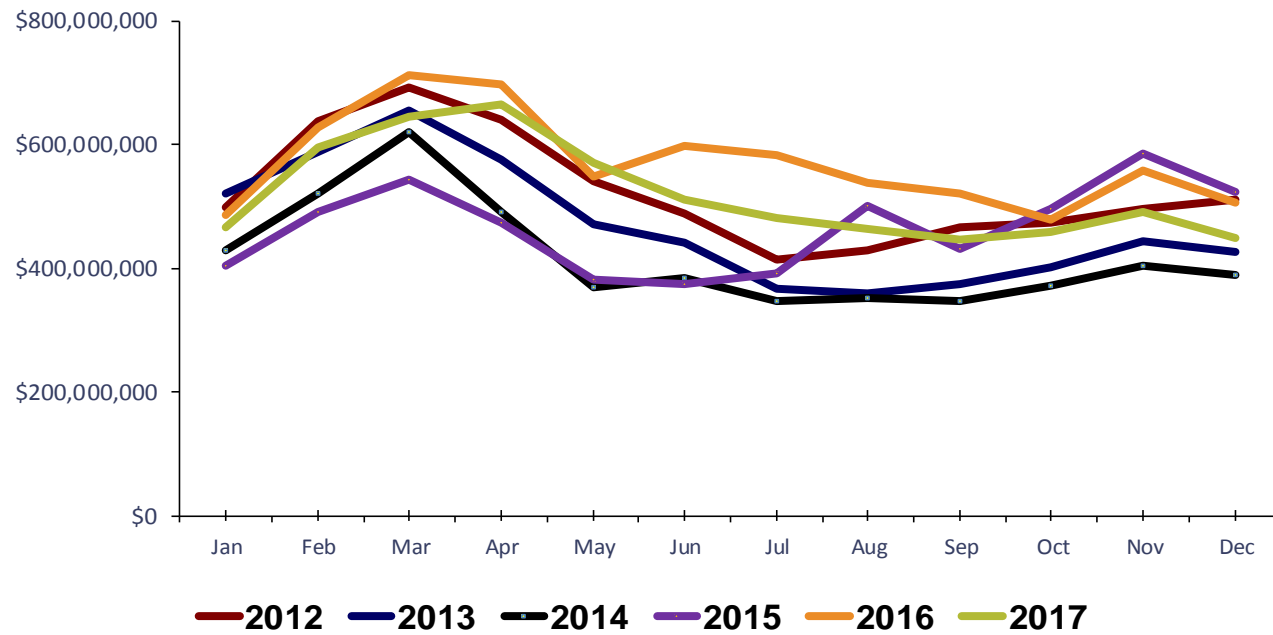
Millennium Corporate began accessing our FHLB Line-of-Credit (LOC) in mid-December 2017 to meet seasonal liquidity needs and that continued through most of the month. There were no borrowings at the end of December and there have been no borrowings during January 2018. Millennium Corporate currently has a Collateralized LOC of \$178.9 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Loan balances averaged \$25.6 million in October; declined to \$12.3 million in November; increased to \$27.6 million in December; and have averaged \$31.8 million for most of January 2018.
- December month-end figures show SimpliCD issuance totals of \$155.1 Million and 21 users of this liquidity option. This is an improvement in issuance of \$28.9 million from one-year ago and an increase in users of the service by 6 members.

*Graphical representations of the seasonal activity of member overnight deposits since 2012, and average member borrowing activity for 2017 follow this commentary.*

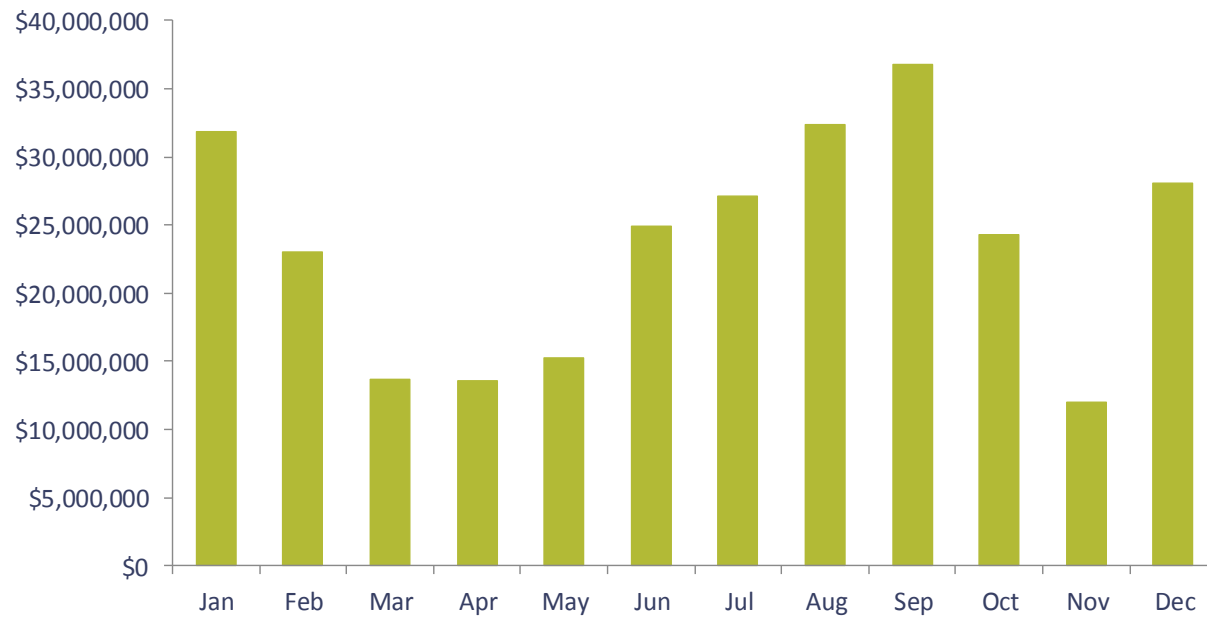


# Historical Member Overnight Deposits



# 2017 Average Monthly Member Borrowings

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# IRR | Net Economic Value (NEV)

NEV Testing Results   November 2017						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
Base Case	\$67,204,613	-	-	12.19%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$66,457,645	(\$746,968)	(1.11%)	12.08%	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

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- Increase to Retained Earnings during the past 12 months, through December 2017, is \$3,120,603
- Retained Earnings ratio is 2.09% as of December 2017 versus 1.50%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's December 2017 capital ratios, and the minimum regulatory requirement of each (where applicable).
  - Retained Earnings Ratio – 2.09% | Minimum Requirement – 1.00%
  - Tier 1 Capital Ratio – 5.98% | Minimum Requirement – 4.00%
  - Tier 1 Risk-Based Capital Ratio – 43.0% | Minimum Requirement – 4.00%
  - Total Risk-Based Capital Ratio – 78.3% | Minimum Requirement – 8.00%
  - GAAP Capital – 10.86%





# Board Meeting Recap

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## Board of Director's Meeting – January 24, 2018

- Approved December 2017 Financial Statements & Committee Reports
- Approved November 2017 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management..
  - Quarterly meeting between the Alliance of Corporate CUs and NCUA
  - Millennium became an Associate Member of CUNA
  - Continued weekly meetings to plan for our transition to our new safekeeping vendor
  - Overview of the December 2017 concentration report
  - Millennium purchased the Bondedge platform – the industry standard for fixed income analytics to be used for the Millennium portfolio and AIM clients
  - Tenbrink & Associates on-site for planning the year-end financial audit
  - Update on rate changes made after recent FOMC meeting
  - January 2018 PCC rate is 1.80% - 0.39% over fed funds effective rate



# Board Meeting Recap

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## Board of Director's Meeting – January 24, 2018

- Approved the 2018 Budget with the following outcomes:
  - ROA of 44.3 bps
  - Net Income - \$2.8 Million
  - 2018 Daily Average Net Assets - \$632.7 Million
  - Projected December 2018 Retained Earnings Ratio of 2.48%
  - Projected December 2018 Tier 1 Capital Ratio of 6.78%
- Approved a minor change to the Bank Secrecy Act Policy
- Approved a minor change to the Enterprise Risk Management Policy
- In accordance with our Strategic Plan, the updated measures and targets as of Dec 2017 were provided



# February 2018

## Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
29	30	31 HCUA KS Day at the Capitol – Topeka, KS	1	2
5	6 HCUA MO Day at the Capitol – Jefferson City, MO MonDak CEO/Director Roundtable – Las Vegas, NV	7 MonDak CEO/Director Roundtable – Las Vegas, NV	8	9
12	13	14 Millennium Credit Committee Meeting	15	16
19 Presidents' Day – Offices Closed	20 Millennium Supervisory Committee Meeting	21	22 Millennium Board & ALCO Meetings	23
26 CUNA Governmental Affairs Conference – Washington DC	27 CUNA Governmental Affairs Conference – Washington DC	28 CUNA Governmental Affairs Conference – Washington DC	1 CUNA Governmental Affairs Conference – Washington DC	2