



# Membership Report | April 2018

# Agenda

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- Financial Commentary
  - 2018 Budget/Actual Net Income
  - Actual/Budget Variance
  - Total Managed Assets – On- & Off-Balance Sheet
- 1Q 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
- Capital Commentary
- Interest Rate Risk/Net Economic Value Report – February 2018
- Board Meeting Recap
- Annual Meeting Recap
- Calendar of Events – May 2018

# Financial Commentary

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Net Income for March was \$385,674, above budget by \$49,517 or 14.7% for the month. Net interest income was \$26,813 or 4.8% higher than budget due to higher yields. Non-interest income was \$70,216 or 18.1% higher due to higher commission income and the NCUSIF equity distribution. Operating expenses were higher than budgeted by \$45,390 and 8.7% due to the annual payroll adjustments and recognizing annual meeting expenses. CUSO income was \$2,117 or 21.2% lower than budget and 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%.

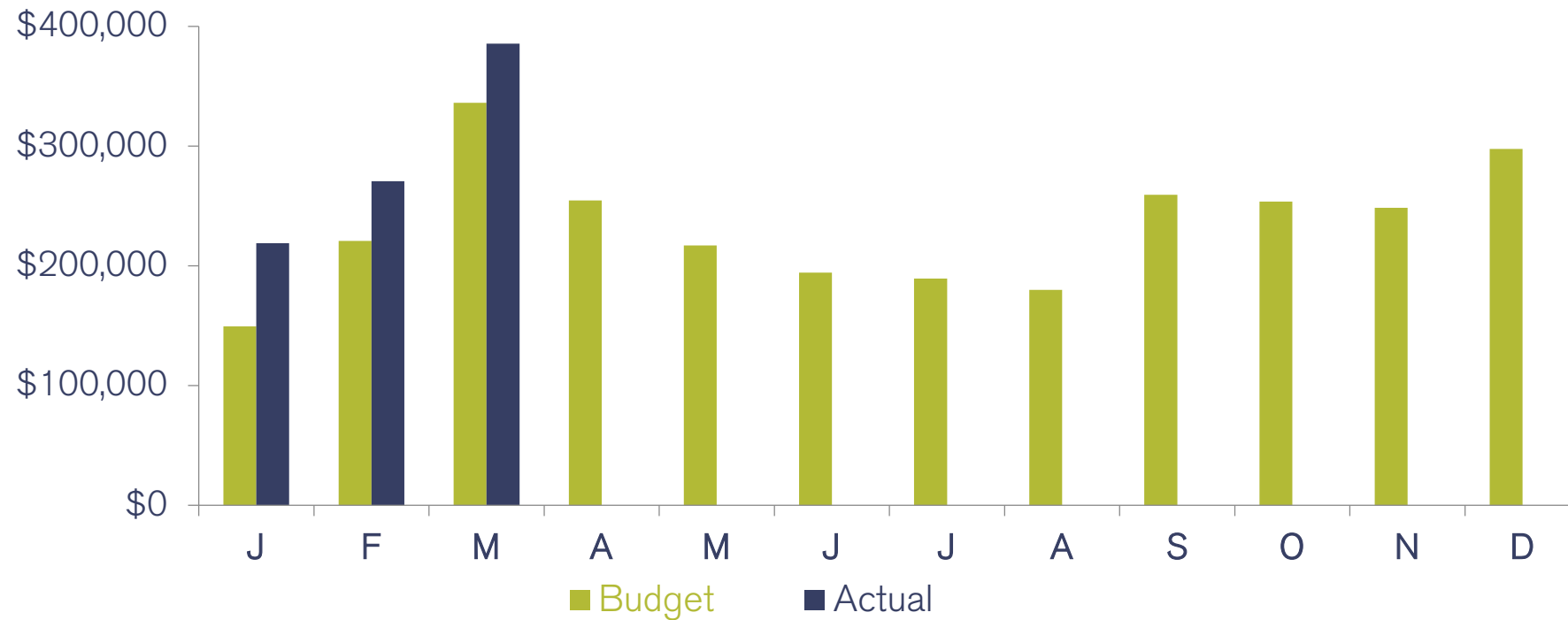
Return on Assets (ROA) has started the year strong as the year-to-date ROA after March is 54.8 bps on average assets of \$639.0 million for the first three months.

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 March, the same as the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$13,778,830 representing a Retained Earnings ratio of 2.26% and a Tier 1 ratio of 6.34%.



# 2018 Budget/Actual Net Income



# YTD Actual/Budget Variance

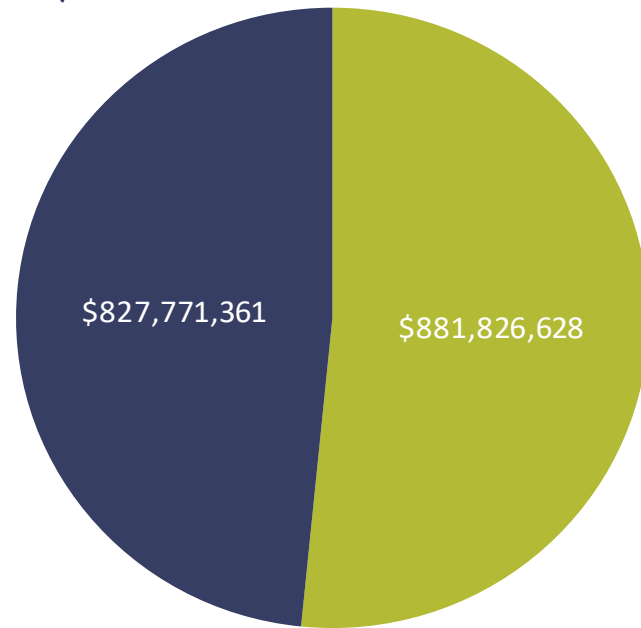
March 2018   YTD <i>(In Thousands)</i>	Actual 2018	Budget 2018	Variance
Net Interest Income	\$1,482.9	\$1,330.3	\$152.6
+ Non-Interest Income	\$1,224.5	\$1,170.8	\$53.7
- Operating Expenses	\$1,611.3	\$1,571.4	(\$39.9)
= Net Operating Income	\$1,096.1	\$929.7	\$166.4
+ CUSO Gains/Losses	\$31.2	\$30.7	\$0.5
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$251.9	\$254.0	\$2.1
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$875.4	\$706.4	\$169.0

# Total Assets | On- and Off-Balance Sheet

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**March 2018**

Total Managed Assets - \$1,709,597,989



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

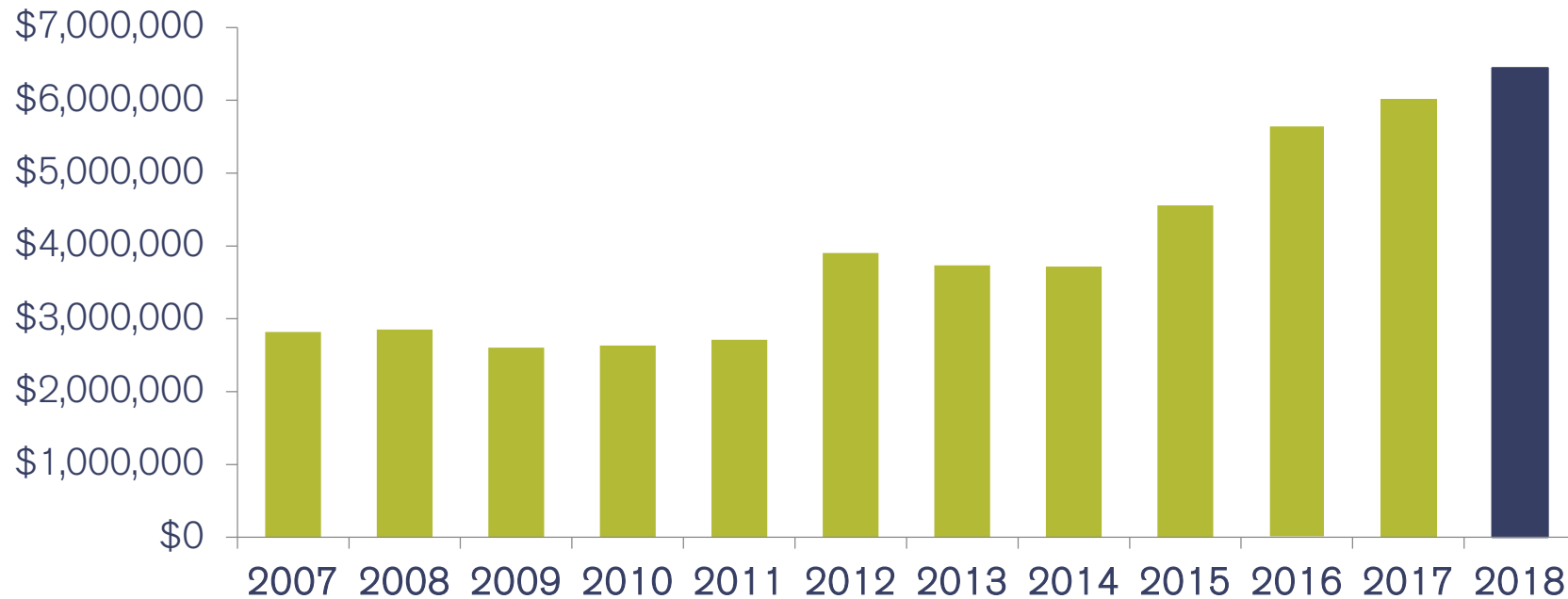
# Annualized Non-Interest Income Trends



The 2018 budget projected a slight decrease in Non-Interest Income due to a projected decline in commission income. After the first quarter, non-interest income is on pace to exceed the budget by 4.6%.

# Annualized Operating Expense Trends

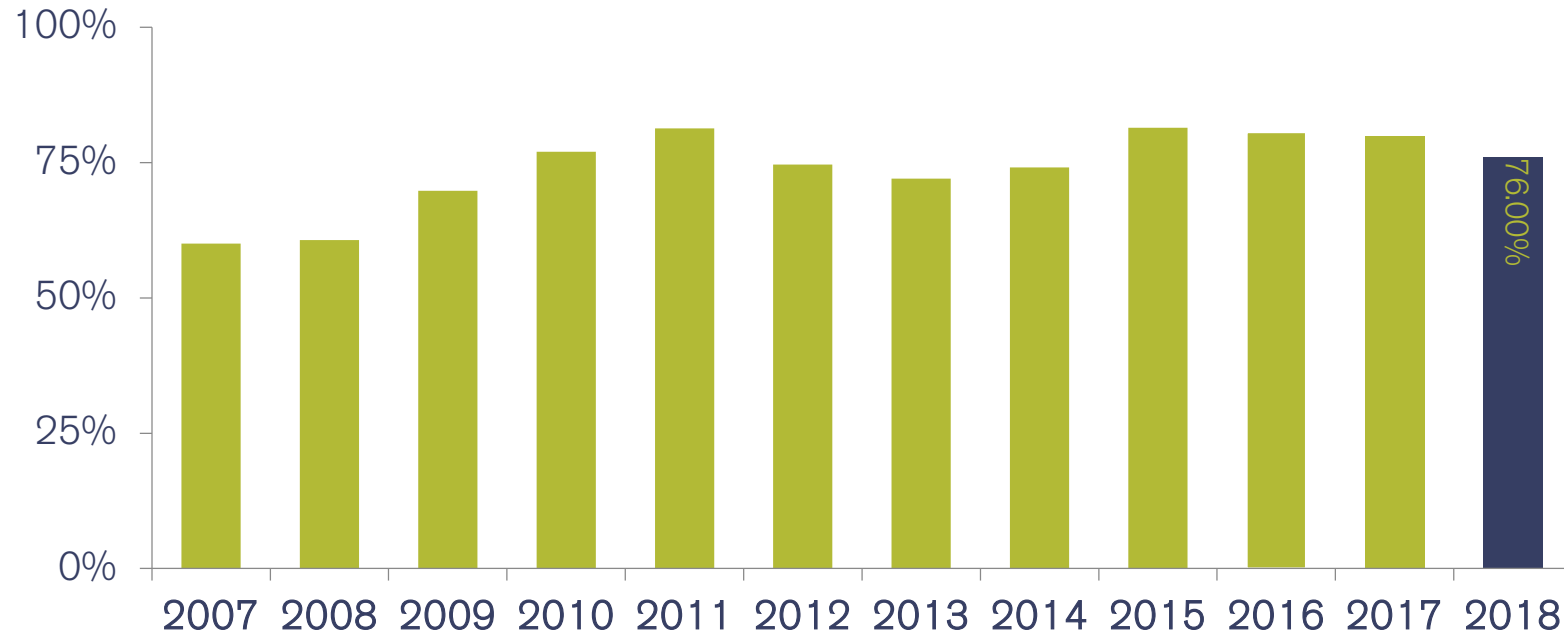
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Operating Expenses are higher than budgeted due primarily to salary accruals and recognizing most annual meeting expenses. After the first quarter, operating expenses are \$39,900 or 2.5% more than budget.

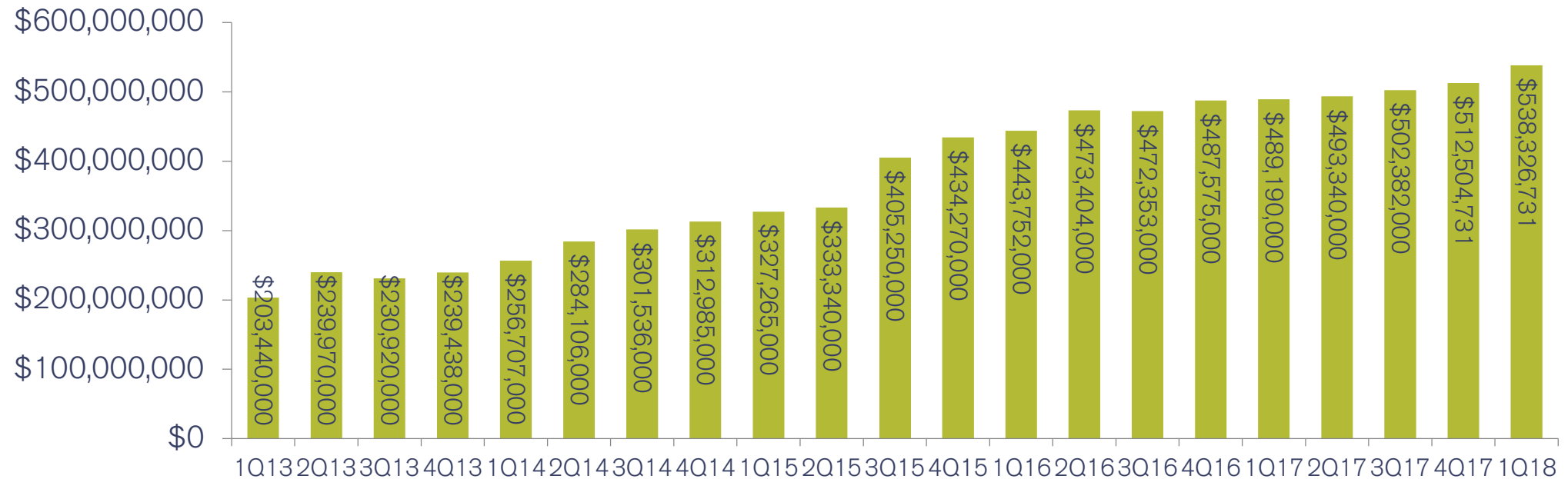


# Coverage Ratio | Fee Income/Operating Expenses



The 2018 Coverage Ratio was budgeted to decline to 75.1% but after the first quarter the actual ratio was 76.0% due to better non-interest income and the NCUSIF distribution.

# Total SimpliCD Outstanding



The Total SimpliCD outstanding amount remained at record highs for the past six quarters and ended March 2018 at \$538.3 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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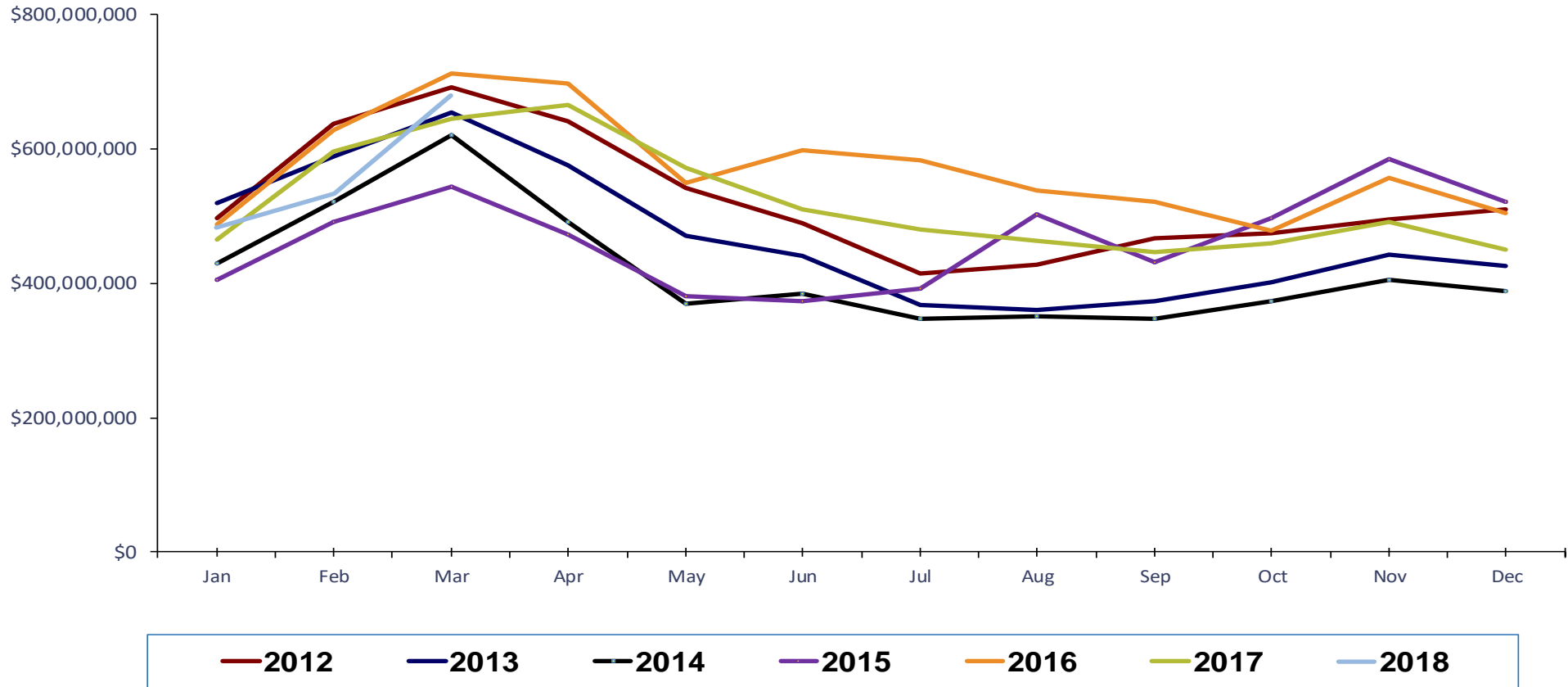
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in March 2018. Millennium Corporate currently has a Collateralized LOC of \$184.2 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Average member credit union daily loan balances have remained low as liquidity has increased – which is a historical trend at this time of the year. Loan balances averaged \$4.9 million in March 2018 and has averaged \$9.6 million during most of April.
- March 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.*

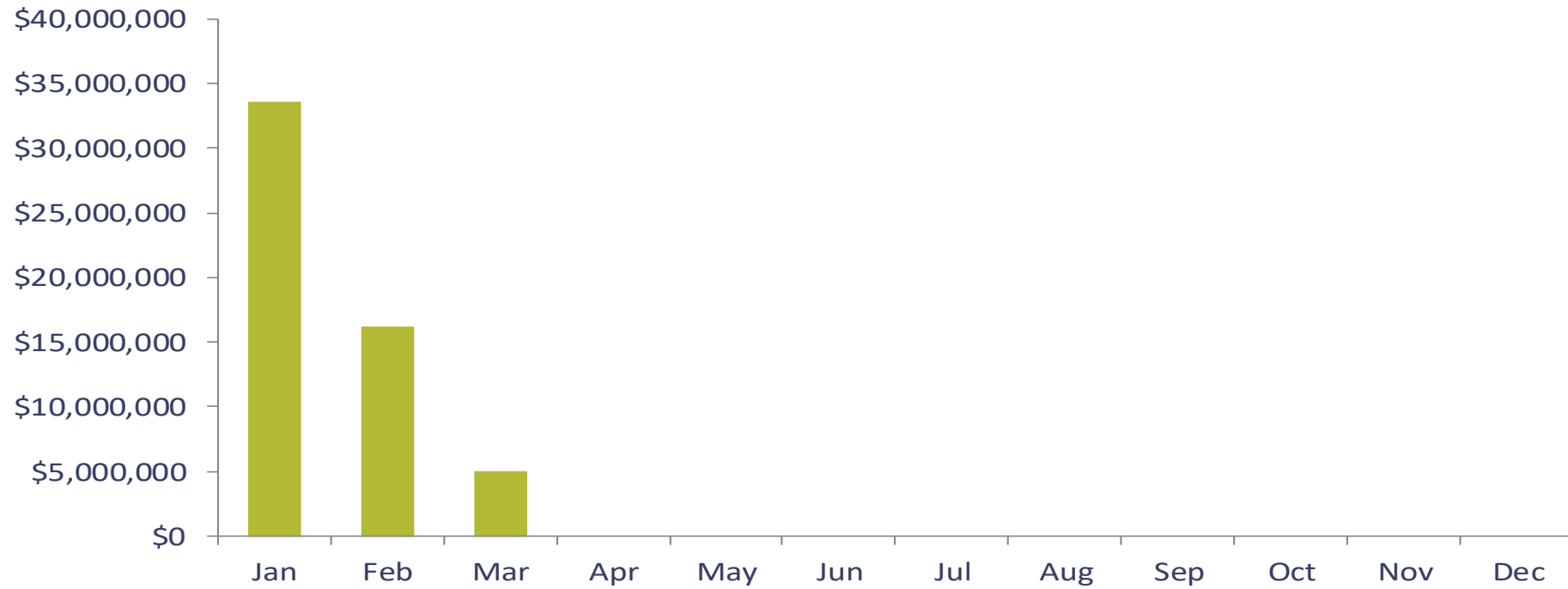


# Historical Member Overnight Deposits



# 2018 Average Monthly Member Borrowings

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# IRR | Net Economic Value (NEV)

NEV Testing Results   February 2018						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
Base Case	\$68,108,616	-	-	8.73%	Minimum Ratio - 2%	<b>PASS</b>
+300 bps Increase in Interest Rates	\$67,347,634	(\$760,982)	(1.12%)	8.64%	Minimum Ratio - 2%	<b>PASS</b>
					Max % Change - (15%)	<b>PASS</b>

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 March 2018, is \$3,292,832
- Retained Earnings ratio is 2.26% as of March 2018 versus 1.62%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's March 2018 capital ratios, and the minimum regulatory requirement of each (where applicable).
  - Retained Earnings Ratio – 2.26% | Minimum requirement – 1.00%
  - Tier 1 Capital Ratio – 6.34% | Minimum Requirement – 4.00%
  - Tier 1 Risk-Based Capital Ratio – 45.5% | Minimum Requirement – 4.00%
  - Total Risk-Based Capital Ratio – 80.2% | Minimum Requirement – 8.00%
  - GAAP Capital – 11.13%



# Board Meeting Recap

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## Board of Director's Meeting – April 26, 2018

- Approved March 2018 Financial Statements & Committee Reports
- Approved February 2018 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management...
  - Annual meeting planning and logistics
  - Communication regarding upcoming exam, share insurance fund distributions & cyber trends forum
  - Alliance of Corporate CU meetings regarding CULedger & upcoming faster payments meeting with Fed
  - Participated in recent Association of Dakota's annual meeting and the Nebraska Leadership Summit
  - Update on recent contingency test and installation of new firewalls in both the Wichita & St. Louis offices
  - April PCC rate we be 2.10% - 0.42% higher than the fed funds effective – on pace to pay more than \$1 million in PCC dividends in 2018
  - On pace to pay more than \$5.7 million on dividends - that will exceed dividends for both 2016-2017 combined
  - Certificate balances are up \$20 million due to competitive rates
  - 2018 Due Diligence packet is available on *My Millennium*



# Annual Meeting Recap – The Fontaine Hotel

## April 27, 2018

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Millennium Corporate's 66<sup>th</sup> Annual meeting was held on April 27<sup>th</sup> at The Fontaine Hotel, Kansas City, Missouri

- Speakers included:
  - Commander Mark Nutsch – 12 Strong: An Extraordinary Mission of Commitment, Purpose, Heroism & Hope
  - Alix Patterson, Partner at Callahan & Associates – State of the Union for Financial Cooperatives
  - John Norris, Oakworth Capital Bank – US Economy in 2018: Just What in the Heck is Happening
- Elected to the Board for three-year terms:
  - Kevin Mayer, CEO of Richland Federal Credit Union, Sidney, Montana
  - Philip Weber, CEO of Central Communications Credit Union, Independence, Missouri
  - Linda Allen, CEO of Arsenal Credit Union, Arnold, Missouri
  - Michael Augustine, Frontier Community Credit Union, Leavenworth, Kansas
- Board Officers elected at the Board Re-Organization Meeting:
  - Tom Kjar, Chairmen, Creighton Federal Credit Union, Omaha, Nebraska
  - Greg Winkler, Vice Chairman, Azura Credit Union, Topeka, Kansas
  - Mark Kolarik, Secretary/Treasurer, Kansas Teachers Community Credit Union, Pittsburg, Kansas



# May 2018

## Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
30	1	2	3	4
7 HCUCF Foundation Cup Camdenton, MO	8 MMS Annual Meeting & Partner Education   Wichita, KS  HCUCF Foundation Cup Camdenton, MO	9 MMS Annual Meeting & Partner Education   Wichita, KS	10 NCUL Capitol Club Classic Lincoln, NE	11
14 Millennium Corporate ERMC Meeting	15	16 MCU Power Up Conference Great Falls, MT  Millennium Corporate Credit Committee Meeting	17 MCU Power Up Conference Great Falls, MT	18
21	22	23	24 Millennium Corporate Board & ALCO Meetings	25
28 Memorial Day  Millennium Corporate Offices Closed	29	30	31	1