



Membership Report | June 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 – April 2018
- Board Meeting Recap
- Supervisory Committee Recap
- Calendar of Events – July 2018

Financial Commentary

Net Income for May was \$308,527, above budget by \$91,533 or 42.2% for the month. Net interest income was \$99,843 or 22.3% higher than budget due to the higher yield on our floating rate investments. Non-interest income was \$15,037 or 3.7% lower than budget. Operating expenses were lower than budget by \$18,815 and 3.4% due to lower salary accruals. CUSO loss is more than budget by \$9,785 or 97.9%. PCC dividends were higher than budget by \$2,304 or 2.4% to pay a higher rate. The year-to-date coverage ratio (fee income/operating expenses) is 75.5% which is greater than the 2018 goal of 75.1%.

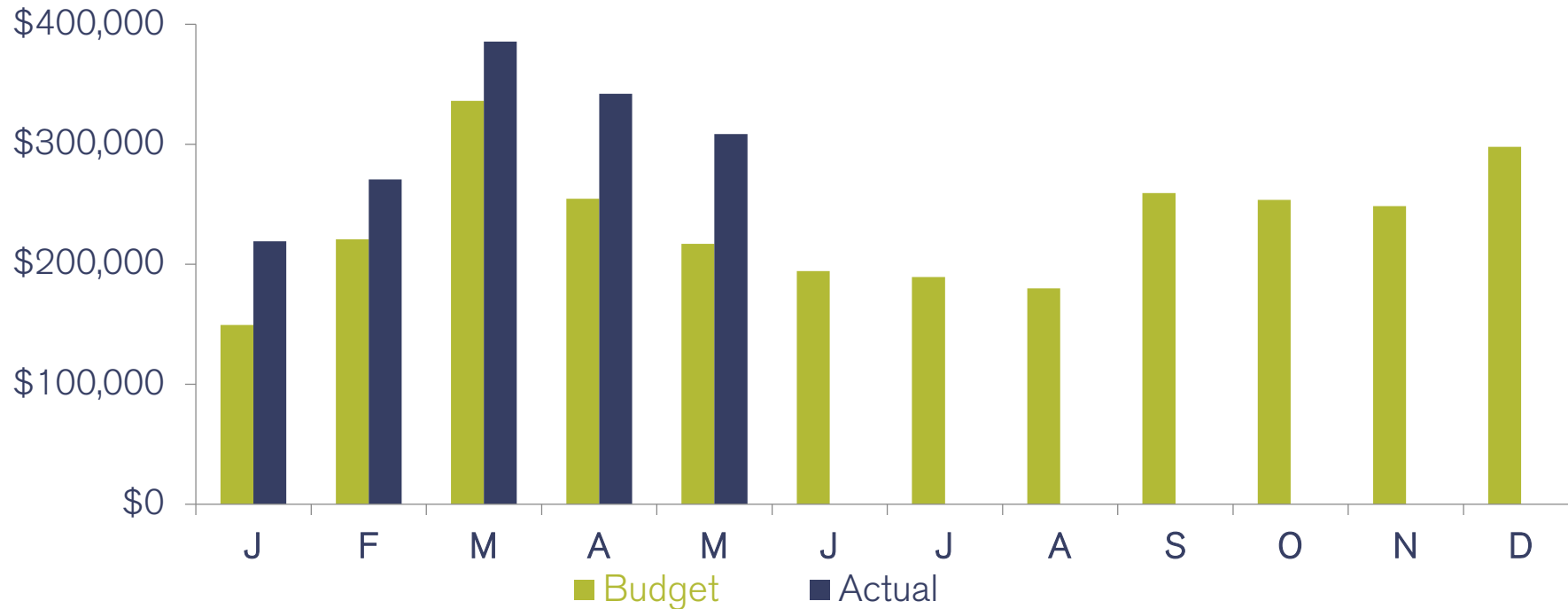
Return on Assets (ROA) has been strong as the year-to-date ROA after May is 56.3 bps on average assets of \$650.2 million for the first five months.

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 \$606.8 million at the end of May, a decrease of \$3.1 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$14,429,412 representing a Retained Earnings ratio of 2.38% and a Tier 1 ratio of 6.58%.



2018 Budget/Actual Net Income



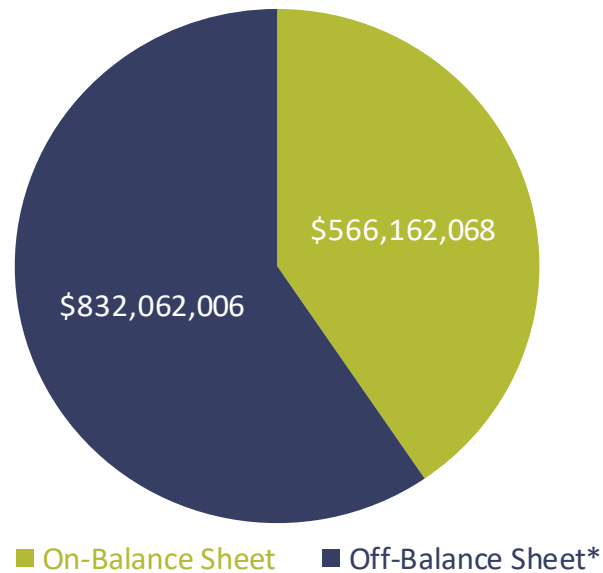
YTD Actual/Budget Variance

May 2018 YTD <i>(In Thousands)</i>	Actual 2018	Budget 2018	Variance
Net Interest Income	\$2,598.7	\$2,259.1	\$339.6
+ Non-Interest Income	\$2,031.0	\$1,969.2	\$61.8
- Operating Expenses	\$2,689.8	\$2,656.6	(\$33.2)
= Net Operating Income	\$1,939.9	\$1,571.7	\$368.2
+ CUSO Gains/Losses	\$30.6	\$50.7	(\$20.1)
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$444.4	\$444.2	(\$0.2)
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$1,526.0	\$1,178.2	\$347.8

Total Assets | On- and Off-Balance Sheet

May 2018

Total Managed Assets - \$1,398,224,074



Liquidity Commentary

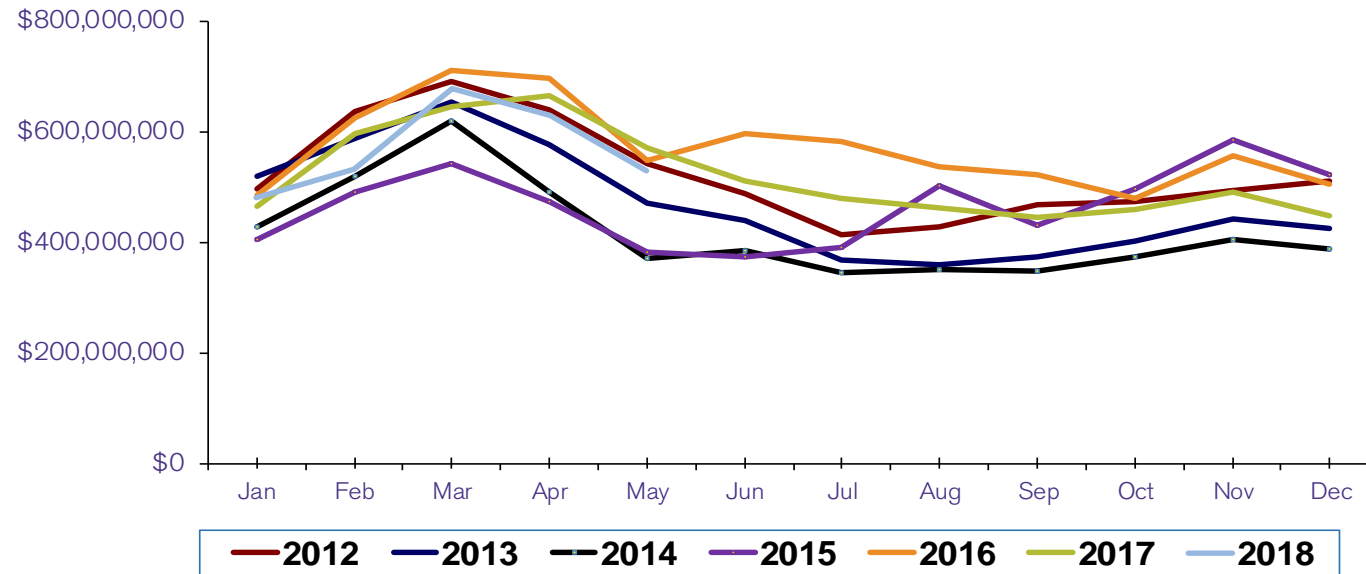
Millennium Corporate accessed our FHLB Line-of-Credit (LOC) one-time in May 2018. Millennium Corporate currently has a Collateralized LOC of \$185.2 Million with the FHLB.

- 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 \$9.8 million in April; \$24.3 million in May; and has averaged \$43.4 million during most of June.
- May 2018 month-end figures show SimpliCD issuance totals of \$163.4 million.

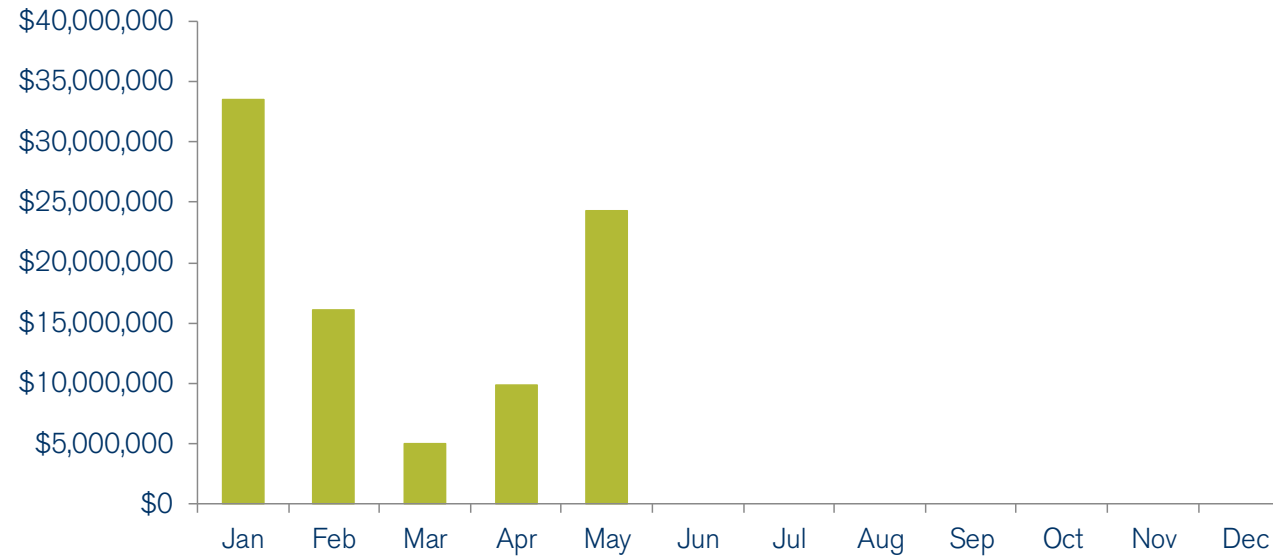
Graphical representations of the seasonal activity of member overnight deposits since 2012, and average member borrowing activity for 2018 follow this commentary.



Historical Member Overnight Deposits



2018 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results April 2018						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$70,374,818	+ \$183,304	+ 0.26%	10.23%	Minimum Ratio – 2%	PASS
					Max % Change – (15%)	PASS
Base Case	\$70,191,514	-	-	10.21%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$69,574,036	(\$617,478)	(0.88%)	10.14%	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 May 2018, is \$3,422,119
- Retained Earnings ratio is 2.38% as of May 2018 versus 1.71%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's May 2018 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.38% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 6.58% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 46.9% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 80.9% | Minimum Requirement – 8.00%
 - GAAP Capital – 11.31%

Board Meeting Recap

Board of Director's Meeting – June 27, 2018

- Approved May 2018 Financial Statements & Committee Reports
- Approved April 2018 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management..
 - Fieldwork completed on the 2018 joint KDCU/NCUA exam. The exam team met with the Board Chair, Supervisory Chair, Millennium's ERM Expert and Management Team prior to departing and anticipate to deliver the final report at the July board meeting.
 - Alliance of Corporate CU meetings with Federal Reserve Bank representatives as a potential faster payments operator.
 - Participation in Nebraska CU League annual meeting
 - Update on rate changes made after recent FOMC meeting
 - One member sold \$2.75 million and two members purchased \$1.2 million in loan participations via LoanStreet
 - June PCC rate will be 2.25% - 0.43% higher than the fed funds effective for the month of June



Board Meeting Recap

Board of Director's Meeting – June 27, 2018

- The Board approved Millennium's Liquidity Plan. The plan must address alternative funding strategies in deteriorating liquidity scenarios; identify all sources of liquidity available to service an immediate outflow of funds; analyze the impact that potential changes in fair value will have on the disposition of assets in a variety of interest rate scenarios; and be reviewed annually or as the market dictate.
- Board approved a minor revision to the Borrowed Funds Policy based on a recommendation of an Internal Audit to change the Policy to match the regulations.
- Steve Borchers, Millennium's independent risk management expert, presented and the Board approved, the quarterly ERM Board Report accepting the current residual risk level of \$1,215,4654, which is 8.61% of the April 2018 Retained Earnings.
- The Board approved the appointment of Kevin Stubblefield, CEO of Metro Credit Union from Springfield, MO, to the Supervisory Committee.

Supervisory Committee Recap

Supervisory Committee Meeting – June 25, 2018

- Committee elected Steve Grooms, CEO of 1st Liberty FCU from Great Falls, MT, as Chairman.
- Committee reviewed the Supervisory Committee Charter and the Internal Audit Charter.
- Committee reviewed the risk assessments for Jack Henry (Symitar) and Western Union International Services.
- Results of the Corporate Checking Internal Audit was reviewed and accepted.
- Results of the Contingency Test/Exercise was reviewed and approved.
- Committee reviewed the 2Q Enterprise Risk Management (ERM) Board report.
- 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 – August 20, 2018



July 2018

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
2	3	4 Independence Day Millennium Corporate Offices Closed	5	6
9	10 Millennium Corporate Credit Committee Meeting	11 HCUA CEO Summit Kansas City, MO NCUL Lending Workshop Omaha, NE	12 HCUA CEO Summit Kansas City, MO	13
16 Millennium Corporate ERMCM Meeting	17 HCUA Marketing & Lending Workshop Kansas City, MO	18 HCUA Marketing & Lending Workshop Kansas City, MO	19	20
23	24	25	26	27 Millennium Corporate Board & ALCO Meetings
30	31	1	2	3