



Membership Report | September 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 – July 2018
- Capital Commentary
- Board Meeting Recap
- Supervisory Committee Recap
- Strategic Planning Session Recap
- Calendar of Events – October 2018

Financial Commentary

Net Income for August was \$281,104, above budget by \$101,059 or 56.1% for the month. Net interest income was \$81,700 or 19.2% higher than budget due to the higher yield on our floating rate investments. Non-interest income was above budget \$1,422 or 0.4%. Operating expenses were lower than budget by \$13,701 and 2.6%. CUSO and other gains/losses was above budget by \$1,935 or 19.3% due to a gain on the disposition of marketable securities. PCC dividends were below budget by \$2,301 or 2.1%. 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 August is 58.9 bps on average assets of \$619.3 million for the first eight 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 \$603.9 million at the end of August, a decrease of \$0.6 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$15,334,371 representing a Retained Earnings ratio of 2.54% and a Tier 1 ratio of 11.04%.



2018 Budget/Actual Net Income



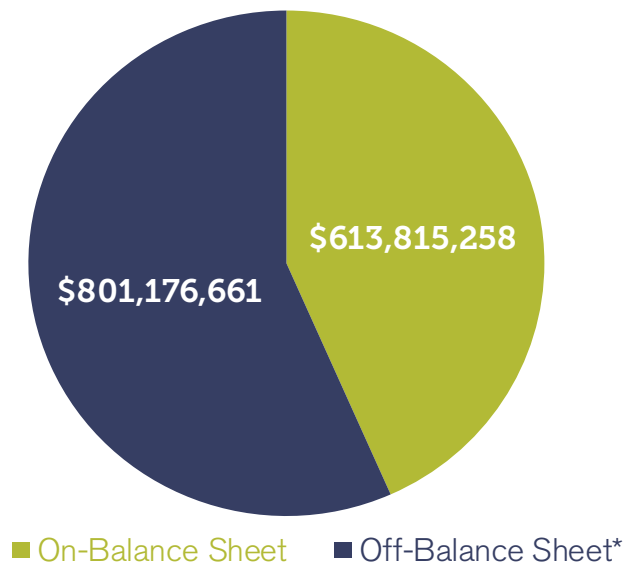
YTD Actual/Budget Variance

August 2018 YTD			
<i>(In Thousands)</i>	Actual 2018	Budget 2018	Variance
Net Interest Income	\$4,184.9	\$3,548.6	\$636.3
+ Non-Interest Income	\$3,205.9	\$3,106.3	\$99.7
- Operating Expenses	\$4,245.8	\$4,235.0	(\$10.7)
= Net Operating Income	\$3,145.0	\$2,419.9	\$725.1
+ CUSO Gains/Losses	\$44.1	\$80.7	(\$36.6)
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$761.1	\$758.6	(\$2.5)
+ Other Gains/Losses	\$2.9	\$0.0	\$2.9
= Net Income	\$2,430.9	\$1,741.9	\$689.0

Total Assets | On- and Off-Balance Sheet

August 2018

Total Managed Assets - \$1,414,991,919



Liquidity Commentary

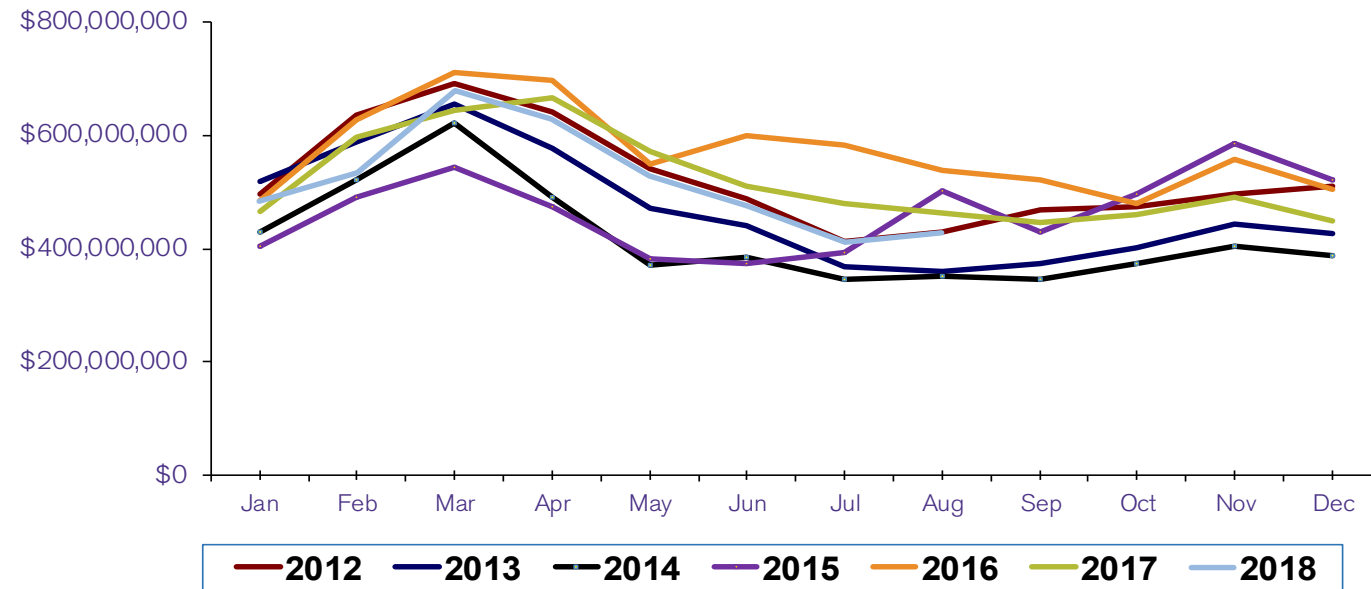
Millennium Corporate accessed our FHLB Line-of-Credit (LOC) multiple times in August 2018. Millennium Corporate currently has a Collateralized LOC of \$175.0 Million with the FHLB.

- 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 \$24.3 million in May; \$42.8 million in June; \$48.8 million in July; \$50.9 million in August and averaged \$50 million during most of September.
- August 2018 month-end figures show SimpliCD issuance totals of \$178.5 million.

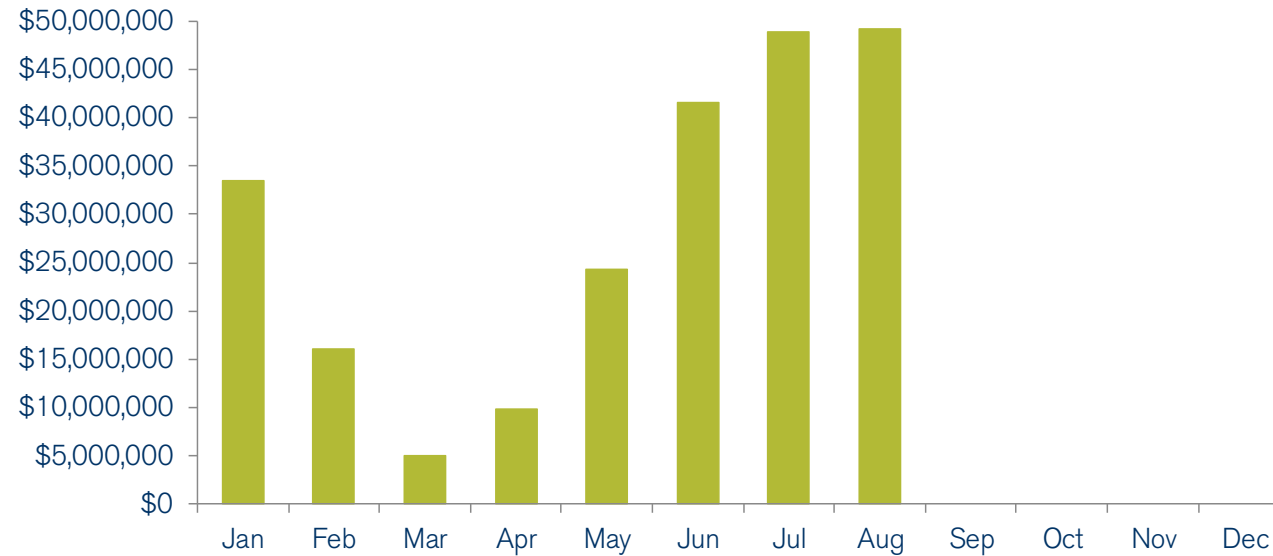
Graphical representations of the seasonal activity of member overnight deposits since 2012, and average member borrowing activity for 2018 follow this commentary.



Historical Member Overnight Deposits



2018 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results July 2018						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$70,574,487	+ \$344,045	+ 0.49%	12.08%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS
Base Case	\$70,230,442	-	-	12.03%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$69,077,794	(\$1,152,648)	(1.64%)	11.86%	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 August 2018, is \$3,596,809
- 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 – 2.54% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 11.04% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 82.6% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 82.6% | Minimum Requirement – 8.00%
 - GAAP Capital – 11.52%

Board Meeting Recap

Board of Director's Meeting – September 27, 2018

- Approved August 2018 Financial Statements & Committee Reports.
- Approved July 2018 Net Economic Value (NEV) Reports.
- Received updates on the following initiatives from management..
 - User meetings with Symitar (our core processor) and Juniper Payments (our ACH partner)
 - Participated in the MT CEO Roundtable Meeting and the Heartland CU Association Annual Meeting as a vendor and a sponsor of the Foundation Bash – Heartland Credit Union Charitable Foundation
 - Upcoming Corporate CU Alliance meeting to discuss the Alliance Innovation Committee top three ideas to pursue in the future and meet with NCUA staff and board members
 - Shared the results of the 2018 Operational Survey
 - Discussion and results of recent planning sessions of our CUSOs
 - September PCC rate will be 2.40% - 0.44% higher than the fed funds effective

Board Meeting Recap

Board of Director's Meeting – September 27, 2018

- Representative from NCUA presented the 2018 joint KDCU/NCUA examination report of Millennium to members of the Board , Committees and Management. The examination effective date was April 30, 2018. The Millennium Volunteers and Management were pleased with the results of the examination report.
- Steve Borchers, Millennium's independent risk management expert, presented and the Board approved, the quarterly ERM Board Report accepting the current residual risk level \$1.2 million and 7.75% of retained earnings.
- Kip Poe, VP-Information & Technology, presented the Millennium Security Program Board Report (per the guidelines set in NCUA – Part 748 Appendix A, Sect III, F).



Strategic Planning Session

September 26-27, 2018

Millennium's Strategic Planning Session was held in Red Lodge, MT

- Year-to-date updates on each of our goals as of August 2018
- Discussed the status of each initiative
- Update on comparison to other corporates
- Economic update
- 2018 Operational Survey results presented and discussed
- Affirmed Mission, Vision and our Values
- Identified and discussed strategic key issues
- Management will draft an updated plan based on the results of the session and will present a proposed 2019 Strategic Plan in December/January

October 2018

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
1	2	3	4	5
8 Columbus Day- Millennium Offices Closed	9	10 MCU Be Badass Billings, MT NCUL Compliance Conference Lincoln, NE	11 MCU Be Badass Billings, MT HCUA Pints & Politics Springfield, MO NCUL Compliance Conference Lincoln, NE	12 MCU Be Badass Billings, MT
15 Millennium Supervisory Committee Meeting	16 HCUA Pints & Politics St Louis, MO	17 HCUA Pints & Politics Jefferson, MO	18 HCUA Pints & Politics Wichita, KS	19
22 HCUA Pints & Politics Kansas City, MO Millennium Credit Committee Meeting	23 HCUA Pints & Politics Johnson County, KS HCUA CULead Graduation Kansas City, MO	24 HCUA Pints & Politics Topeka, KS	25 Millennium Board & ALCO Meetings	26
29	30	31	1	2