

A MESSAGE TO OUR OWNERS

Dear Members,

BCU has a long history of consistently delivering value to you, our owners. We're happy to report that 2016 was no exception. While continuing to grow, BCU remains a purpose-driven cooperative; a collection of people who deeply care about what they do and the people they serve. Beyond its superior financial strength, advantageous rates and fees, and continued investment in improving the member experience, your Credit Union also strives to be an employer of choice and a conscientious contributor to our society and the communities we serve.

Here are a few highlights from 2016.

With a strong 1.14% return on assets, BCU was able to expand services and member access while continuing its focus on securing member data and building financial strength. The capital ratio topped 10.2%, far exceeding the 7% standard for a well-capitalized credit union. Additionally, the 11.5% growth in assets pushed the Credit Union to a record \$2.63 billion.

These financial improvements are the result of an ever increasing contribution to the financial well-being of our members. BCU helped 4,620 members finance homes totaling \$791 million; all the while providing discount realty programs saving them \$545,000. BCU's Auto Buying Service provided members with \$6.8 million in purchase price discounts and \$625,000 in rate discounts. Our credit card programs enabled members to earn over 600 million rewards points and \$2.5 million in cash rewards. And our one-of-a-kind PowerPlus™ Checking account reimbursed \$545,000 in bank surcharge fees and paid dividends totaling \$4.1 million. These programs help members fulfill their financial needs and fuel their lives and dreams with valuable benefits.

In 2016, BCU rolled out a next generation mobile app for members on the go and is currently working to overhaul the desktop banking experience. These new platforms set the stage for the rapid development of future money management tools aimed at giving members unprecedented access to and control of their money.

It was also a busy year for BCU charitable giving, with \$302,000 and 3,500 hours of volunteer time

donated to the communities we serve. The annual BCU Scholarship program rewarded 20 college-bound members with \$30,000. Our passion for member service and talented workforce were recognized with BCU being named a Top 100 Workplace by the Chicago Tribune for the fifth consecutive year.

All that was accomplished in 2016 was the result of the tireless efforts of our dedicated staff and guidance of our Board of Directors and volunteers. We'd especially like to thank board members Michael Baughman and Ron Labrum, as they step down in 2017. Their countless volunteer hours, invaluable expertise, and a passion for representing the best interests of our membership have helped shape our Credit Union. On behalf of our current, past and future membership, we offer our gratitude.

Looking forward to another successful year in service to our members.



Michael Valentine
President/CEO



Thomas W. Hodson
Chairman

Michael Valentine *Thomas W. Hodson*

BCU ANNUAL REPORT 2016

BOARD OF DIRECTORS

Thomas W. Hodson*
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Michael J. Baughman
Michael J. Curran
Yu-Ping Kao
Margot F. Kaplan
Ron K. Labrum
Paul E. Martin
Christine Z. McCauley
Jack L. McGinley
Mark E. Rosenbaum
Ola M. Snow
Charles W. Thurman
Michael G. Valentine

OFFICERS

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Margot F. Kaplan
Vice Chairperson
Thomas G. Moore
Executive Vice President/
Assistant Treasurer
Charles W. Thurman
Secretary
C.J. Presto
Senior Vice President/CFO/
Assistant Secretary

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Senior Vice President/CIO
Lisa A. Baron
Senior Vice President/Human
Resources and Talent Management
James R. Block
Senior Vice President/CLO
Carey A. Price
Senior Vice President/CRO

SUPERVISORY COMMITTEE

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Vice President/Mortgages
Patti Dixon
Vice President/Member Experience
Charles E. Smith
Vice President/Controller
Sarah Thorrens
Vice President/Talent Management
Douglas N. Wright
Vice President/Audit & Compliance
Dave Blum
Vice President/Corporate
Relationships and Services

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Vice President/Consumer Lending
John S. Sahagian
Vice President/Marketing
Ken Dryfhout
Vice President/Finance
Scott Zulpo
Vice President/Information Technology
Brad R. Bergmooser
Vice President/General Counsel
C.J. Presto

DIRECTOR EMERITUS

Samuel G. O'Kelly

*Chairman

BOARD OF DIRECTORS, COMMITTEES & OFFICERS

STATEMENTS OF INCOME

(in thousands)	2016	2015
Interest Income		
Interest on loans to members	\$ 94,599	\$ 87,145
Interest on investments and cash equivalents	4,036	1,612
Total interest income	98,635	88,757
Interest Expense		
Dividends on members' shares	17,507	15,013
Interest on borrowed funds	2,491	1,419
Total interest expense	19,998	16,432
Net Interest Income	78,637	72,325
Provision for loan losses	8,750	6,700
Net Interest Income After Provision for Loan Losses	69,886	65,625
Non-Interest Income		
Service charges and other fees	18,432	16,693
Interchange income	19,799	17,709
Other mortgage income	8,077	7,213
Net gain on sale of loans	10,702	9,305
Other non-interest income	13,176	12,835
Gain (loss) on sale of investments available for sale	65	0
Gain (loss) on assets at fair value, net	(3,552)	(3,191)
Total non-interest income	66,699	60,564
Non-Interest Expense		
Salaries and benefits	48,698	43,799
Loan costs	18,243	16,339
Equipment and data processing	11,420	9,664
Occupancy	4,401	4,382
Other operating	25,269	23,384
Total non-interest expense	108,032	97,569
Net Income	\$ 28,554	\$ 28,620

STATEMENTS OF FINANCIAL CONDITION

(in thousands)	2016	2015
ASSETS		
Cash and cash equivalents	\$ 106,948	\$ 162,026
Investments		
Trading, at fair value	10,203	18,344
Available-for-sale, at fair value	33,212	16,822
Other	33,726	9,896
Mortgage loans held for sale	51,127	21,867
Loans to members, net	2,308,743	2,048,777
(including \$7,313 and \$10,418 at fair value as of December 31, 2016 and 2015 respectively)		
Accrued interest receivable	6,233	5,493
Property and equipment, net	22,031	23,129
NCUSIF deposit	20,963	18,157
Mortgage servicing rights, at fair value	21,000	18,894
Other assets	15,219	14,911
Total Assets	\$ 2,629,405	\$ 2,358,315
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' shares	\$ 2,288,680	\$ 2,053,055
Borrowed funds	45,000	45,000
Accrued expenses and other liabilities	33,370	25,788
Total Liabilities	2,367,050	2,123,843
Members' Equity		
Retained earnings, substantially restricted	263,103	234,549
Accumulated other comprehensive gain	(748)	(77)
Total members' equity	262,355	234,472
Total Liabilities and Members' Equity	\$ 2,629,405	\$ 2,358,315

PowerPlus™ Checking is a trademark of BCU.



WE'VE GOT YOUR BACK.

BCU.org | 340 N. Milwaukee Ave. | Vernon Hills IL 60061