



# Annual Report 2019

## A MESSAGE TO OUR MEMBERS

As we reflect on what has made the last decade so prosperous and successful for BCU, our Company Partners, and especially our members, one common theme surfaces — strong growth made possible by even stronger relationships. We are proud to report that BCU’s financial performance and results were excellent in 2019, positioning us to deliver significant member value and continuing to build on the success of recent years. The well-being of our members is the reason we exist, and we will do whatever it takes to empower your discovery of financial freedom.

Last year, BCU membership grew to more than 260,000 across the U.S. and Puerto Rico. Nine branch locations were either newly constructed or refreshed, and we introduced the “bank-at-work” experience to employees of new Company Partners at TeamHealth, PSCU, and TransUnion, along with those we welcomed as a result of BCU’s merger with Bard Employees Credit Union. Near and far, BCU members continue to enjoy convenient access to their accounts, tallying more than 32 million Digital Banking logins, and more than half of all activity taking place on a mobile device. We introduced exciting new product features and other product enhancements, while simultaneously maintaining a 1.14% return on assets. We crossed major milestones for all our products including \$4B for total managed real estate, \$3B in Deposits, and the \$1.5B mark for our consumer loan portfolios. In addition to asset growth of 12.58% pushing us beyond \$3.9B, BCU sustained a capital ratio of 9.95%, far exceeding the 7.0% standard for a well-capitalized credit union.

PowerPlus™ checking account holders earned an astounding \$7 million in interest and over \$1 million in ATM fee reimbursements. Borrowers continued to drive away with exceptional value from the Credit Union’s Auto Buying Service, and the dream of homeownership became a reality for thousands of members. BCU originated a record \$900M in first mortgage loans, and those who used the HomeAdvantage™ service earned over \$900,000 in real estate commission rebates. BCU credit card holders were rewarded with over \$4.6 million in cashback and more than 830 million Travel Rewards points.

Our commitment to exceed your expectations and create extraordinary experiences is stronger than ever. In 2019, BCU achieved an all-time high Net Promoter Score (NPS) of 80.63, driven by process and service improvements across every area of the business. Members enjoyed faster delivery times for credit and debit cards, automated loan fulfillment, and improved Check Hold and Overdraft Protection experiences. In addition to record

achievement in NPS, BCU was named a Forbes® Best-in-State Credit Union for both Illinois and Minnesota based on consumer ratings for satisfaction, trust, branch and digital services, financial advice, and more. BCU is one of only four credit unions to be named best-in-state in multiple locales across the U.S.

Generosity and social responsibility extend to members and beyond, with employees volunteering over 4,600 hours serving local and nationally-recognized organizations. BCU Charitable Giving donations exceeded \$300,000 to support healthcare, financial empowerment, and other community-related causes. We were also proud to sponsor Habitat For Humanity of Lake County’s 30th Anniversary Season, where BCU contributed \$30,000, and BCU employee volunteers gave over 1,000 hours of their time working on the construction of five new homes that would change the lives of several families forever. The annual BCU Scholarship Program drew a record number of applicants and awarded \$35,000 to 22 bright and ambitious college-bound members.

BCU’s success is the result of tireless efforts of our incredible staff, and the invaluable guidance of our volunteer Board of Directors. We extend our profound appreciation to all those that make the Credit Union’s continued growth and success possible, and especially to our former Chairman and devoted board member of more than three decades, Tom Hodson, who will be stepping down in 2020. BCU is immensely grateful for the advocacy and invaluable expertise Tom has selflessly given to our leadership team and his fellow board members. He leaves an indelible mark on the Credit Union, and we are proud to honor his legacy by naming him Chair Emeritus.

We’ve set our sights high as we enter a new decade. You can continue to expect secure, easy-to-use banking technology, products that deliver value, and exceptional member service provided by people who understand your needs and have your best interests at heart. Thank you for being an integral part of the BCU journey. We’re just getting started, and we’re honored to be here today for your tomorrow.



Michael G. Valentine  
President/CEO



Michael J. Curran  
Chairman

## BOARD OF DIRECTORS, COMMITTEES & OFFICERS

### Board of Directors

- Michael J. Curran\*
- Thomas W. Hodson
- Brett Craig
- Christine Fleming
- Betty Larson
- Paul E. Martin
- Christine Z. McCauley
- Al Nietzel
- Mark E. Rosenbaum
- Ola M. Snow
- David E. Strauss
- Michael G. Valentine

### Executive Committee

- Michael J. Curran\*
- Christine Fleming
- Thomas W. Hodson
- Paul E. Martin
- Christine Z. McCauley

### Supervisory Committee

- Paul E. Martin\*
- Scott Bohaboy
- Brett Craig
- John McCoy

### Nominating Governance Committee

- Christine Z. McCauley\*
- Betty Larson
- Mark E. Rosenbaum
- David E. Strauss

### Finance Committee

- Christine Fleming\*
- Thomas G. Moore
- Al Nietzel
- C.J. Presto
- Ola M. Snow

### Officers

- Michael G. Valentine  
President/CEO/Treasurer
- Michael J. Curran  
Chairman
- Thomas W. Hodson  
Vice Chairman
- Thomas G. Moore  
Executive Vice President/  
Assistant Treasurer
- Christine Fleming  
Secretary
- C.J. Presto  
Senior Vice President/CFO/  
Assistant Secretary
- Lisa A. Baron  
Executive Vice President/Human  
Resources and Talent Management
- James R. Block  
Executive Vice President/COO
- David A. Blum  
Senior Vice President/Corporate  
Relationships/U.S. Service Centers
- Jeffrey M. Johnson  
Senior Vice President/CSO
- Carey A. Price  
Senior Vice President/Digital  
Strategy and Delivery
- Scott Zulpo  
Senior Vice President/CTO
- Herbert O. Behrens  
Vice President/Mortgage Lending
- David E. Brydun  
Vice President/Consumer Lending
- Jose Cajigas  
Vice President - Puerto Rico
- Kenneth S. Dryfhout  
Vice President/Strategy & Growth,  
Wealth Advisors
- Daniel Parsons  
Vice President/Branch Operations
- John S. Sahagian  
Vice President/Chief  
Data Officer
- Jill Sammons  
Vice President/Marketing  
and Brand Strategy
- Charles E. Smith  
Vice President/Controller
- Stephenie Southard  
Vice President/CISO
- Sarah J. Thorrens  
Vice President/Talent  
Management
- Douglas N. Wright  
Vice President/Audit &  
Compliance

\*Chairperson

## STATEMENTS OF INCOME

(in thousands)	2019	2018
<b>Interest Income</b>		
Interest on loans to members	\$ 159,528	\$ 134,715
Interest on investments and cash equivalents	16,581	16,824
Total interest income	176,109	151,539
<b>Interest Expense</b>		
Dividends on members' shares	37,677	26,589
Interest on borrowed funds	16,975	16,481
Total interest expense	54,652	43,070
Net interest income	121,457	108,469
Provision for loan losses	22,734	19,100
Net interest income after provision for loan losses	98,723	89,369
<b>Non-Interest Income</b>		
Service charges and other fees	29,625	27,297
Interchange income	29,995	26,892
Other mortgage income	8,252	7,559
Net gain on sale of loans	10,383	7,223
Other non-interest income	19,576	19,552
Gain (loss) on sale of investments available for sale	0	0
Gain (loss) on assets at fair value, net	(4,950)	(1,757)
Total non-interest income	92,881	86,766
<b>Non-Interest Expense</b>		
Salaries and benefits	65,340	61,745
Loan costs	26,150	24,475
Equipment and data processing	14,879	14,111
Occupancy	6,888	4,863
Other operating costs	37,278	35,970
Total non-interest expense	150,535	141,164
<b>Net Income</b>	<b>\$ 41,069</b>	<b>\$ 34,971</b>

## STATEMENTS OF FINANCIAL CONDITION

(in thousands)	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 147,385	\$ 147,133
Investments		
Trading, at fair value	9,010	9,666
Available-for-sale, at fair value	114,334	74,074
Other	20,096	14,967
Mortgage loans held for sale	40,439	7,715
Loans to members, net	3,450,600	3,116,925
(including \$3,090 and \$4,136 at fair value as of December 31, 2019 and 2018 respectively)		
Accrued interest receivable	8,836	7,863
Property and equipment, net	39,313	23,446
NCUSIF deposit	26,740	25,799
Mortgage servicing rights at fair value	22,333	23,825
Other assets	42,869	32,541
<b>Total Assets</b>	<b>\$ 3,921,955</b>	<b>\$ 3,483,954</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Liabilities</b>		
Members' shares	\$ 3,095,523	\$ 2,787,186
Borrowed funds	415,000	335,000
Accrued expenses and other liabilities	42,694	36,102
Total liabilities	3,553,217	3,158,288
<b>Members' Equity</b>		
Retained earnings, substantially restricted	368,051	326,385
Accumulated other comprehensive gain	687	(719)
Total members' equity	368,738	325,666
<b>Total Liabilities and Members' Equity</b>	<b>\$ 3,921,955</b>	<b>\$ 3,483,954</b>

PowerPlus™ Checking is a trademark of BCU