

# A MESSAGE TO OUR OWNERS

## Dear Members,

We're proud to report that in 2017, BCU continued to meet and exceed its own high standards for creating member financial value, providing convenient and safe access to accounts, and building lasting relationships with our company partners, members and their families. Last year, we welcomed UnitedHealth Group and BD to our partner company family, opened several new service centers, launched an improved online and mobile banking portal to help members conveniently access their accounts, and introduced new products that help members better manage student debt and purchase their first home. We also overcame one of the most devastating natural disasters in the Credit Union's 36-year history. Emerging intact, we expeditiously provided disaster relief assistance to our Puerto Rico members and employees.

## 2017 Highlights

These accomplishments were achieved while maintaining strong financial performance. In 2017, BCU was able to grow membership, evolve banking technologies, and strengthen member data security all while maintaining a 1.09% return on assets. This efficient growth helped sustain a strong capital ratio of 10.20%, far exceeding the 7.00% standard for a well-

capitalized credit union. Additionally, the 12.00% growth in total assets pushed BCU to a record \$2.94 billion.

The coming year will bring exciting advancements for BCU members including new online and mobile banking features, additional service center locations, and a fresh look and feel to the BCU brand. And while BCU may take on a different look, our passion for serving our members and empowering people to discover financial freedom has never been stronger.

Our continued success is the result of the tireless efforts of our dedicated staff and the guidance of our Board of Directors and volunteers. We'd also like to acknowledge last year's passing of Samuel G. O'Kelly, who founded BCU in 1981. His boundless enthusiasm and passion for helping others lives on in the hopeful spirit of BCU. On behalf of our current, past and future membership, we offer our gratitude.



Michael G. Valentine  
President/CEO



Thomas W. Hodson  
Chairman

# BCU

# 2017 ANNUAL REPORT

## BOARD OF DIRECTORS, COMMITTEES & OFFICERS

### Board of Directors

Thomas W. Hodson\*  
Jeffery V. Bailey  
Michael J. Curran  
Robert J. Hombach  
Yu-Ping Kao  
Margot F. Kaplan  
Paul E. Martin  
Christine Z. McCauley  
Jack L. McGinley  
Mark E. Rosenbaum  
Ola M. Snow  
David E. Strauss  
Charles W. Thurman  
Michael G. Valentine

### Executive Committee

Thomas W. Hodson\*  
Christine Z. McCauley  
Jack L. McGinley  
Jeffery V. Bailey  
Robert J. Hombach

### Supervisory Committee

Robert J. Hombach\*  
Paul E. Martin  
John A. McCoy  
Yu-Ping Kao  
David E. Strauss

### Finance Committee

Jeffery V. Bailey\*  
Charles W. Thurman  
Michael J. Curran  
Thomas G. Moore  
Ola M. Snow  
Christine Fleming  
Carl J. Presto

\*Chairman

### Officers

Michael G. Valentine  
President/CEO/Treasurer  
Thomas W. Hodson  
Chairman  
Jack L. McGinley  
Vice Chairman  
Thomas G. Moore  
Executive Vice President/  
Assistant Treasurer  
Carl J. Presto  
Senior Vice President/CFO/  
Assistant Secretary  
Charles W. Thurman  
Secretary  
Lisa A. Baron  
Senior Vice President/Human  
Resources & Talent Management

James R. Block  
Senior Vice President/CLO  
Jeffrey M. Johnson  
Senior Vice President/CIO  
Carey A. Price  
Senior Vice President/CRO  
Herbert O. Behrens  
Vice President/Mortgage Lending  
Brad R. Bergmooser  
Vice President/General Counsel  
David A. Blum  
Vice President/Corporate  
Relationships & Services  
David E. Brydun  
Vice President/Consumer Lending  
Patti V. Dixon  
Vice President/Member Experience

Kenneth S. Dryfhout  
Vice President/Strategy & Growth  
Tudor I. Enoiu  
Vice President/Finance & Risk  
Management  
John S. Sahagian  
Vice President/Marketing & Intelligence  
Charles E. Smith  
Vice President/Controller  
Joseph F. Suareo  
Vice President/CISO  
Sarah J. Thorrens  
Vice President/Talent Management  
Douglas N. Wright  
Vice President/Audit & Compliance  
Scott Zulpo  
Vice President/CTO

## STATEMENTS OF INCOME

(in thousands)	2017	2016
<b>Interest Income</b>		
Interest on loans to members	\$ 107,097	\$ 94,599
Interest on investments and cash equivalents	10,377	4,036
Total interest income	117,474	98,635
<b>Interest Expense</b>		
Dividends on members' shares	19,442	17,507
Interest on borrowed funds	8,568	2,492
Total interest expense	28,010	19,999
Net Interest Income	89,464	78,636
Provision for loan losses	13,220	8,750
Net Interest Income After Provision for Loan Losses	76,244	69,886
<b>Non-Interest Income</b>		
Service charges and other fees	22,679	18,432
Interchange income	23,363	19,799
Other mortgage income	7,655	8,077
Net gain on sale of loans	8,955	10,702
Other non-interest income	16,667	13,176
Gain (loss) on sale of investments available for sale	0	65
Gain (loss) on assets at fair value, net	(4,077)	(3,552)
Total non-interest income	75,242	66,699
<b>Non-Interest Expense</b>		
Salaries and benefits	54,472	48,698
Loan costs	20,227	18,243
Equipment and data processing	12,779	11,420
Occupancy	4,411	4,401
Other operating costs	31,321	25,269
Total non-interest expense	123,210	108,032
<b>Net Income</b>	<b>\$ 28,277</b>	<b>\$ 28,553</b>

## STATEMENTS OF FINANCIAL CONDITION

(in thousands)	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 67,989	\$ 106,948
Investments		
Trading, at fair value	9,928	10,203
Available-for-sale, at fair value	30,869	33,212
Other	7,632	33,726
Mortgage loans held for sale	20,680	51,127
Loans to members, net	2,706,295	2,308,743
(including \$5,446 and \$7,313 at fair value as of December 31, 2017 and 2016 respectively)		
Accrued interest receivable	6,851	6,233
Property and equipment, net	22,686	22,031
NCUSIF deposit	22,862	20,963
Mortgage servicing rights, at fair value	21,554	21,000
Other assets	30,638	15,252
<b>Total Assets</b>	<b>\$ 2,947,984</b>	<b>\$ 2,629,438</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Liabilities</b>		
Members' shares	\$ 2,500,503	\$ 2,288,680
Borrowed funds	110,000	45,000
Accrued expenses and other liabilities	46,754	33,370
Total Liabilities	2,657,257	2,367,050
<b>Members' Equity</b>		
Retained earnings, substantially restricted	291,413	263,136
Accumulated other comprehensive gain	(686)	(748)
Total members' equity	290,727	262,388
<b>Total Liabilities and Members' Equity</b>	<b>\$ 2,947,984</b>	<b>\$ 2,629,438</b>

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