

A MESSAGE TO OUR MEMBERS

2020 was a year unlike any most of us have ever experienced. We witnessed courage and resilience surface from challenges and tragedy. As the world suddenly changed around us, BCU remained steadfast in our commitment to members and Company Partners. Despite being socially distant, we remained connected and kept your well-being at the forefront of every decision we made. Inspired by your perseverance and determination, our Financial First Responders continued to empower you to discover financial freedom. We are proud to report that despite these uncertain circumstances, BCU ended the year stronger than ever with excellent financial performance and results, continuing to provide value and offering COVID-19 relief to thousands of members when they needed it most. One of the year's highlights was the successful, fully virtual completion of the largest merger in BCU's history with the new GEICO Credit Union. BCU seamlessly migrated 20,000 new members and rebranded ten GEICO Credit Union Branch locations. As a result, BCU became the 56th largest credit union in the U.S., now serving nearly 300,000 members across the U.S. and Puerto Rico.

With the health and safety of our members and employees top of mind, BCU quickly enabled 98% of our workforce to work safely from their homes by expediting the distribution of new equipment, new technology, and a new normal without a break in service to members. In tandem, over 100 new employees were hired to create even more responsive interactions. We immediately activated our emergency financial relief protocol, providing \$6.5 million in COVID-19 relief through instant access to emergency loan assistance, loan payment deferral, fee waivers, and PPP loans.

Access to money using enhanced Digital Banking tools went from being convenient to being essential. Members logged in more than 54 million times, with more than half of all activity from a mobile device. We crossed major milestones for all products including \$4.5 billion in total managed real estate, \$3.8 billion in deposits, and \$3.8 billion in consumer loans. In addition to asset growth of 14.2% pushing us beyond \$4.4 billion, BCU sustained a capital ratio of 9.6%, far exceeding the 7.0% standard for a well-capitalized credit union.

BCU maintained a 0.82% return on assets while simultaneously introducing easy-to-use products including contactless cards, Express Loans, and various self-service tools like SEARCH, BCU Assist, and chatbots while upholding service delivery standards, thanks to the flexibility and collaboration of our Branch and contact center teams.

PowerPlus™ Checking account holders earned an astounding \$6.84 million in interest and over \$1.89 million in ATM fee reimbursements. Borrowers drove away with exceptional value from our Auto Buying Service originating a record \$460 million in auto loans, and the dream of homeownership became a reality for thousands of members. BCU originated a record-breaking \$1.6 billion in first mortgage loans and those who used the HomeAdvantage® service earned \$1 million in rewards in a single year, allowing BCU to become the first credit union in history to hit that milestone. BCU is proud to have delivered over \$5 million in real estate commission rebates to members since the inception of the HomeAdvantage® program. Additionally, more members than ever before had money put back in their pockets in Cash Back Rewards when using their BCU credit card for everyday purchases, \$5.4 million to be

exact; and those members who chose to be rewarded with Travel Rewards earned 822 million points that can be used whenever they're comfortable traveling again.

With a continual emphasis on member well-being, BCU strengthened our commitment to empowering financial freedom with the launch of a financial health assessment, added credit scores to the Digital Banking dashboard, and delivered expert financial advice to thousands of members with virtual events and one-on-one coaching.

As we strive to create extraordinary member experiences for all, BCU drove process improvements across all lines of the business, continued our investment in new and enhanced technology, and maintained a focus on being easy to do business with. BCU is proud to have been recognized by Forbes® as a Best-In-State Credit Union for the second consecutive year. This year, we landed the #1 spot in Illinois, and #5 in Minnesota, based on consumer ratings for satisfaction, trust, branch and digital services, financial advice, and more. Additionally, BCU was recognized by GonzoBanker with a 2020 Experience Award for best-in-class delivery speeds.

Given the global health, economic and social crises surrounding us for the better part of the year, BCU found even more ways to connect with members and strengthen our longstanding commitment to foster an inclusive culture and diverse workplace. Employees volunteered over 1,800 hours serving local and nationally-recognized organizations and 1% of net income was donated to support healthcare, financial empowerment, and other community-related causes. The annual Scholarship Program drew a record number of applicants and awarded \$78,500 to 30 bright and ambitious college-bound members. We supported our local communities by providing more than 45,000 meals to food banks in the U.S. and Puerto Rico, and donating PPE to Northern Illinois hospitals.

BCU's success is the result of boundless efforts of our dedicated staff, the support of our illustrious Company Partners, and the invaluable guidance of our Board of Directors. We extend our profound appreciation to all those who make the Credit Union's continued growth and success possible.

Our commitment to exceed your expectations is stronger than ever. You can continue to expect secure, easy-to-use banking technology, products that deliver value, and exceptional service provided by people who will always put you first. Thank you for allowing us to serve your financial needs. We're honored to be Here Today For Your Tomorrow.



Michael Valentine
President/Chief Executive Officer

Michael Valentine



Michael Curran
Chairman

Michael Curran

BOARD OF DIRECTORS, COMMITTEES & OFFICERS

Board of Directors

Michael Curran*
William Costa
Brett Craig
Christine Fleming
Betty Larson
Paul Martin
Christine McCauley
Alfred Nietzel
Mark Rosenbaum
Ola Snow
David Strauss
Michael Valentine

Betty Larson
Secretary
Carl Presto
Senior Vice President/Chief Financial Officer/Assistant Secretary
Lisa Baron
Executive Vice President/Chief Human Resources Officer
James Block
Executive Vice President/Chief Operating Officer
David Blum
Senior Vice President/Corporate Relations/U.S. Service Centers

Chairperson Emeritus

Thomas Hodson

Jeffrey Johnson
Senior Vice President/Chief Partnerships & Strategy Officer

Carey Price
Senior Vice President/Digital Strategy and Delivery

Executive Committee

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Christine Fleming
Paul Martin
Christine McCauley
Alfred Nietzel

Scott Zulpo
Senior Vice President/Chief Technology Officer
Herbert Behrens
Vice President/Mortgage Lending
David Brydun
Vice President/Consumer Lending & Business Services

Supervisory Committee

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Brett Craig
John McCoy
Alfred Nietzel
Ola Snow
Robyn Wells

Jose Cajigas
Vice President/Puerto Rico Operations
Kenneth Dryfhout
Vice President/Strategy & Growth/Wealth Advisors

Nominating Governance Committee

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William Costa
Betty Larson
Mark Rosenbaum
David Strauss

Lenny Fayard
Vice President/Digital Product Management
Maggie Garcia
Vice President/Deposit Products
Kerriann Mills
Vice President/General Counsel
Daniel Parsons
Vice President/Retail Branch Operations
John Sahagian
Vice President/Chief Data Officer

Officers

Michael Valentine
President/Chief Executive Officer/
Treasurer
Michael Curran
Chairman
Paul Martin
Vice Chairman
Thomas Moore
Executive Vice President/
Assistant Treasurer

Jill Sammons
Vice President/Marketing & Communications
Chuck Smith
Vice President/Controller
Stephanie Southard
Vice President/Chief Information Security Officer
Sarah Thorrens
Vice President/Talent Management
Douglas Wright
Vice President/Audit/Compliance

*Chairperson

STATEMENTS OF INCOME

(in thousands)	2020	2019
Interest Income		
Interest on loans to members	\$ 158,994	\$ 159,528
Interest on investments and cash equivalents	7,165	16,581
Total interest income	166,159	176,109
Interest Expense		
Dividends on members' shares	32,273	37,677
Interest on borrowed funds	7,971	16,975
Total interest expense	40,244	54,652
Net interest income	125,915	121,457
Provision for loan losses	32,937	22,734
Net interest income after provision for loan losses	92,978	98,723
Non-Interest Income		
Service charges and other fees	24,780	29,625
Interchange income	31,177	29,995
Other mortgage income	10,437	8,252
Net gain on sale of loans	31,377	10,383
Other non-interest income	21,707	19,576
Gain (loss) on assets at fair value, net	(11,606)	(4,950)
Total non-interest income	107,872	92,881
Non-Interest Expense		
Salaries and benefits	77,099	65,340
Loan costs	24,395	26,150
Equipment and data processing	18,703	14,879
Occupancy	8,287	6,888
Other operating costs	38,213	37,278
Total non-interest expense	166,697	150,535
Net Income	\$ 34,153	\$ 41,069

STATEMENTS OF FINANCIAL CONDITION

(in thousands)	2020	2019
ASSETS		
Cash and cash equivalents	\$ 262,648	\$ 147,385
Investments		
Trading, at fair value	7,200	9,010
Available-for-sale, at fair value	88,484	114,334
Other	78,267	20,096
Mortgage loans held for sale	82,051	40,439
Loans to members, net	3,819,798	3,450,600
(including \$1,946 and \$3,090 at fair value as of December 31, 2020 and 2019 respectively)		
Accrued interest receivable	11,312	8,836
Property and equipment, net	47,142	39,313
NCUSIF deposit	32,808	26,740
Mortgage servicing rights at fair value	18,130	22,333
Other assets	28,770	42,869
Total Assets	\$4,476,610	\$3,921,955
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' shares	\$3,833,057	\$3,095,523
Borrowed funds	164,000	415,000
Accrued expenses and other liabilities	64,129	42,694
Total Liabilities	\$4,061,186	\$3,553,217
Members' Equity		
Retained earnings, substantially restricted	413,088	368,051
Accumulated other comprehensive income	2,336	687
Total members' equity	415,424	368,738
Total Liabilities and Members' Equity	\$4,476,610	\$3,921,955

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REMUNERATION EXPENSES

The following chart includes total and individual compensation for directors and committee members for 2020.

William Costa	\$ 13,333
Brett Craig	30,000
Michael Curran	45,000
Christine Fleming	35,000
Thomas Hodson	21,667
Betty Larson	25,000
Paul Martin	35,000
Christine McCauley	35,000
John McCoy	15,000
Alfred Nietzel	30,000
Mark Rosenbaum	15,000
Ola Snow	30,000
David Strauss	25,000
Robyn Wells	4,167
Total	\$359,167