

*more than
just money*[®]

BSCU

you OWN IT.

2016 REPORT TO MEMBERSHIP

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GROWING STRONGER, MEMBER BY MEMBER.

As our membership grows,
so do the benefits to our
members and communities.

The financial well-being of our members has been our top priority since we were founded in 1935 by 18 Boeing workers who came together to help each other meet their financial goals. As a not-for-profit, member-owned credit union, we continue to live the cooperative spirit of "people helping people"—so you too can realize your financial goals.

TOGETHER, WE DO MORE

In 2016, we welcomed more than 100,000 new members, including over 7,000 new business members. Total membership surpassed one million members. While we are excited to reach more people with the credit union difference, it's not just about growth but about creating a vibrant cooperative to provide greater benefits to members.

The credit union continued its strong financial performance in 2016, and we ended the year with a net worth ratio of 10.66 percent, above the regulatory well-capitalized level of 7 percent. Our financial strength allows us to continue to invest in the innovative technology and services our members expect from their credit union. This report details some of our member-inspired developments from 2016, but first we want to share some additional highlights from the past year with you.

CREATING VALUE FOR MEMBERS

We are committed to uncovering unique ways to give back to our members. Here are five ways we were able to put more money back into the pockets of our members.

1. We returned \$175 million to members in the form of better rates and fewer fees, compared to the average bank. That's a return of approximately \$180 per member.
2. Our loan repricing program automatically lowered rates for over 40,000 members for a collective savings of more than \$2.7 million. The loan repricing program is unique to BECU. We don't want our members' good credit history going unnoticed, and that's why we automatically lower your rate when your credit score goes up.
3. We waived the origination fees on home loans, saving homebuyers \$4.6 million.
4. Our youngest members earned \$1.6 million in interest through Early Saver accounts.

5. Thanks to our loyal membership, we were able to release the \$5 minimum balance requirement. Just by having a Member Share Savings account at BECU, you are a member-owner of the credit union regardless of the balance in your account.

CONVENIENT ACCESS

To better serve our members where they live, work, shop and travel, we expanded into two new regions—Spokane and South Carolina—and opened five new Neighborhood Financial Centers: one in Burien, two in Spokane and two in the Boeing South Carolina plant. We also added 15 BECU ATMs and Saturday teller hours at both the Tukwila and Everett Financial Centers for greater accessibility. And we incorporated member feedback into seven mobile app releases, where we added features like fingerprint authentication, appointment setting, improved navigation, and the ability to customize features. We know your account security is important, too, so we strengthened account security and rolled out EMV cards to help resist fraudulent activity.

LISTENING TO MEMBERS

Member-inspired isn't just a slogan. We really mean it. Our members have innovative ideas that can help us further enhance what we have to offer. That's why we launched the Member Idea Exchange (MIX), a forum where members can weigh in on projects and programs, and share their own ideas to help drive innovation. Have a genius idea that will make us better? Share it with us through the [MIX](#).

We also hosted the first annual Member Summit, a more engaging version of the annual meeting held in previous years. The Member Summit was organized to demonstrate members' involvement in the governance of the credit union. It was an interactive event at the Museum of Flight in Tukwila, where members could attend financial education breakout sessions and the small business expo, listen to keynote speakers, and participate in the annual meeting.

In addition to the MIX and the Member Summit, we also invite you to give us feedback year-round through interactions with our member consultants, whether at a BECU branch location or when you call. Last, but not least, you can always

click on the [Send a Suggestion](#) link in the footer of our website at [becu.org](#). We document and evaluate every idea we receive, making member ideas a reality at BECU.

COMMUNITY

In 2016, BECU put more than \$5 million back into the community through giving and community programs. We focused on building financial health, member-inspired giving, and supporting employees in their communities.

While our primary giving focuses on financial health, we also want to support the causes you're passionate about. We recognized the non-profits you care about by awarding \$170,000 in grants through our People Helping People Awards, and we granted \$240,000 in scholarships to 80 student members. We also expanded our commitment to youth financial literacy. We reached nearly 9,000 teens and young adults in their classrooms, including 2,000 high school students from Highline schools during the BECU "Closing for Good" event. Employees volunteered over 16,000 hours this year, and donated to non-profits they're passionate about, raising the gift match total \$100,000 over last year to \$614,732.

Throughout 2017, we will continue to focus on the financial health of our members. We are excited to uncover new ways to deliver additional value through better rates, fewer fees and more affordable financial options. We'll also expand the branch network with new locations in the Puget Sound and Spokane areas. And, we're looking at growing the Tukwila campus as a way to support employee development and engagement.

As your credit union grows, so do the benefits of being a member. Our mission remains the same: we are here to serve you. Thank you for being a member.

David Yonce
Chairman, BECU Board of Directors

Benson Porter
President & Chief Executive Officer

OUR STRENGTH IS YOURS.



When we say we're more than just money, we mean that as a credit union, members are our priority. As a member-inspired, member-owned, not-for-profit financial cooperative now more than a million members strong, BECU is guided not by transactions, but by relationships and the philosophy of "people helping people."

A HISTORY OF MUTUAL SUPPORT

In 1935, employees of the Boeing Company were required to purchase their own tools for their work at the company—an insurmountable burden for many, as this was the height of the Great Depression. Yet out of adversity, opportunity arose. BECU was founded by 18 Boeing employees, who each contributed 50 cents to start the credit union. The first loan was for \$2.50 to help a co-worker buy the tools needed to do their job and improve their life. Our founders realized the power of cooperation, in that they could accomplish more by working together than going at it alone.

ACHIEVING GOALS TOGETHER

While much has changed over the past 81 years, the philosophy of "people helping people" remains at the center of everything we do. Unlike many financial institutions, we don't issue stock or pay dividends to outside stockholders. Instead, earnings are returned to members in the form of great rates, lower fees and improved services. As we exist for the benefit of our members, our decision-making process starts by asking ourselves "is this in the best interest of our membership?" We continually look for new ways to help our members improve their financial health and reach their financial goals.

THE COOPERATIVE MODEL

Cooperatives occupy a unique space on the spectrum of business models. At one end lie non-profits that are focused on helping others and, generally speaking, sustain themselves through donations. On the other end of the spectrum are for-profit, publicly traded corporations that are focused on maximizing returns for their shareholders. In the middle lies the cooperative business model. Co-ops exist for the benefit of their members, are self-sustaining and do not rely on donations. The uniqueness of this model allows cooperatives to offer innovative services and benefits that are not normally found at either non-profits or for-profits.

1,000,000+ MEMBERS

148,182 LOANS ORIGINATED

\$175 MILLION RETURN TO MEMBERSHIP

72.1% NET PROMOTER SCORE

AVERAGE BANK NET PROMOTER SCORE 35%



THE CREDIT UNION ADVANTAGE

We're proud to be rooted in the nine operating principles of credit unions.

Open and Voluntary Membership	Building Financial Stability	Cooperation Among Cooperatives
Democratic Control	Distribution to Members	Ongoing Education
Non-Discrimination	Service to Members	Social Responsibility

A YEAR OF INNOVATION AND GROWTH.

In 2016, we passed on additional savings to our members, found innovative ways to boost small- and medium-size businesses, expanded access to financial services, upgraded our digital banking services, created unique products, and partnered with some exceptional organizations. Thank you to our members for the suggestions that inspired many of these enhancements.

MORE BENEFITS THAN EVER

EXPANDED LOAN RATE REDUCTIONS

BECU's loan repricing program is based on a simple concept aligned with our core value of "people helping people." When a member's credit score improves, we lower their interest rate. We started with credit cards and personal lines of credit, and then added auto loans because of member feedback. In 2016, we added boat, RV and personal loans to the mix—all in an effort to save more members more money.

NEW FINANCIAL CENTERS

To accommodate our growing membership, BECU opened five locations, including our new markets of Spokane and South Carolina. One center is in Burien, two are in Spokane, and two are in South Carolina on the Boeing Campus.

NEW BENEFITS FOR BUSINESS

We added over 7,000 new business members in 2016 and now offer businesses high-speed online deposits, auto loans and our online Money Manager tool for easier tracking of budgeting and spending.

15 NEW ATMS

Our members asked for more ATMs, so that's what you got. In fact, 15 of them—including additional machines at some of our busiest locations. (Can you hear the collective cheer?) Plus, members always have access to the CO-OP network of over 30,000 ATMs nationwide.



PRODUCTS AND PARTNERSHIPS

SOUNDERS DEBIT CARD DESIGN CONTEST

In the fall of 2016, we held a contest to design the Sounders FC debit card. Over 500 fans submitted designs and thousands voted on the top four. We now have a winning look for our official, exclusive Sounders FC debit card.



"I'm absolutely thrilled," said Sounders FC fan and BECU member Christine O. when we called to tell her she had won the design contest. "I'm thrilled to be part of anything that's part of the Sounders and BECU."



ONLINE BANKING UPGRADES

We strengthened account security by asking members to create stronger passwords and update security questions, and added optional text verification through mobile. We also made tax documents 1099 and 1098 available through online banking.

NO MORE MINIMUM DEPOSITS

As of June 22, 2016, there is no longer a \$5 minimum balance requirement for membership at BECU.

EARLY SAVER SAVINGS ACCOUNT

A penny saved is a penny earned. And for our younger BECU members under age 18, that penny earns 6 percent interest on the first \$500 deposited. We make it easy and rewarding for Early Savers, with great rates, zero fees and no minimum balance requirements.

Early Saver accounts teach young members about saving money, spending responsibly and the power of compound interest. When a young person opens an Early Saver account at BECU, they're also given a Moonjar piggy bank that reinforces the spend-save-share concept. In 2016, our youngest members earned an estimated additional \$1.6 million through these accounts.



NEW FEE REDUCTIONS

In 2016, we gave homebuyers a boost by waiving origination fees for mortgages, saving BECU members over \$4.6 million on closing costs. We extended the waiver through 2017, which means members will continue to pay no origination fee on conventional fixed-rate or adjustable-rate mortgage home loans for purchase transactions.

SEATTLE STORM AND GIRL EMPOWERMENT

This summer, BECU and the Seattle Storm teamed up to inspire and motivate girls with an unforgettable opportunity to learn valuable fundamentals that we hope will prove vital toward achieving their immediate and future goals.



WSU COUGAR ATHLETICS

Thanks to suggestions from our Cougar fan members, we officially became partners with Cougar Athletics in July. This partnership delivers exclusive member discounts on tickets and giveaways. We consider it a huge win!

MOBILE APP UPGRADES

Members spoke. We listened! And thanks to your input, our mobile app is being referred to as "awesome." Added features include appointment-making, fingerprint authentication for iOS and Android, customizable dashboards, improved navigation and the ability to sign into both personal and business accounts.

STRENGTHENING COMMUNITIES.



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BECU has a strong commitment to giving back, with the goal of helping to foster economic and social well-being, as well as encouraging our community members to improve their financial health.

At BECU, we focus our community efforts in three areas: Financial Health, Member-Inspired Giving and Employee-Inspired Giving. Thanks to a strong and growing membership in 2016, we were able to put more than \$5 million in support of non-profit and community programs, the majority going to improve financial health. In addition, BECU employees educated more than 12,000 community members through free financial education programs and invested more than 16,000 hours in community service.

FINANCIAL HEALTH

We believe that all individuals deserve the opportunity and the resources to take care of their financial health. To that end, BECU is dedicated to increasing financial access, improving financial education, helping people expand their earning power, and strengthening our communities' financial well-being. Financial health means being able to handle one's finances by engaging in daily activities that build stability and enable one to seize opportunities. This leads to financial resilience—the ability to withstand life events that impact income, assets and future plans. By supporting financially healthy behaviors, BECU hopes to continually enrich lives and enhance communities.

FINANCIAL HEALTH CHECK

BECU's Financial Health Check is an innovative program designed to strengthen our members' financial resiliency. During a confidential one-on-one session with a Financial Health Check specialist, members make decisions and take action in real time on cash flow tracking, saving, budgeting, bill paying, debt management and goal setting. Sessions are conducted over the phone, and action items are addressed with live support. By the end of the call, everything is up and running—building confidence and accountability going forward. We offer this service as a benefit, at no charge for members.



\$5 MILLION
INTO GIVING AND COMMUNITY PROGRAMS

\$170,000
TO PEOPLE HELPING PEOPLE
AWARD WINNERS

\$240,000
IN SCHOLARSHIPS GIVEN TO
80 STUDENT MEMBERS

FINANCIALLY FOCUSED PHILANTHROPY

BECU has built a giving strategy that uses dollars to increase both financial acumen and individual capacity for future earnings. Through giving, we help people complete post-secondary degrees, build relevant skills for today's workforce, and encourage entrepreneurship. We also donate to charitable organizations that give youth a solid financial foundation and help people of all ages gain the knowledge and skills they need to weather life's changes.

In 2016, we gave to many partners to further this effort, including Express Credit Union, Junior Achievement of Washington, HopeWorks, College Access Now and Goodwill Industries. In addition, we partnered with local organizations and school districts to offer 330 educational sessions to more than 12,000 community members. In expanding our commitment to youth financial literacy, we reached nearly 9,000 teens and young adults in their classrooms.



THE BECU FOUNDATION

In 2016, we gave \$3,000 scholarships to 80 students who have demonstrated academic success and are actively involved in their communities. Since 1995, BECU has awarded more than \$2.42 million to 950 student members.



CLOSING FOR GOOD

One day a year, BECU closes down normal business operations to allow all our employees to teach the importance of financial literacy to local high school students. Returning for its second year, this simulation gives students a crash course on the financial realities of adult life.

Hosted at the Washington State Convention Center, the event brought over 2,000 students from three Highline schools: Highline High School, Global Connections, and the Academy of Citizenship and Empowerment. The schools were also "closed for good" and suspended regular classes for the day so their students could participate in BECU's financial reality simulation. Students were each assigned a job and income, and then set off to make the financial buying decisions adults face every day: car, housing, pets, clothes, electronics, entertainment and more.

The program is not only vitally important for our youth who will soon be facing real-world decisions, but also an amazing experience for our employees to engage with the community and offer their expertise. We are grateful for their participation and their desire to work for a financial institution that lives its values and gives back.

"I personally loved getting to have one-on-one time with someone who could actually help me."

—Carson T., Highline High School Student

JUNIOR ACHIEVEMENT

BECU partnered with the Washington chapter of Junior Achievement by providing significant grants to help support many of their programs, including Junior Achievement Community Day, powered by BECU. During three separate days, we opened up Junior Achievement Finance Park to member families and their teens to work through simulations of real-world financial and budgeting situations. Junior Achievement is a national organization focused on teaching students financial and business skills to help them achieve long-term economic success. We also were proud to offer "BECU Saves," which provided a \$1,000 donation to Junior Achievement every time a Seattle Mariners pitcher generated a save at Safeco Field. In 2016, this community program alone provided \$23,000 in donations.

We look for other ways to help too. This year a handful of our IT employees helped Junior Achievement Washington Finance Park go paperless. The BECU team spent 180 volunteer hours assisting with implementation of the paperless application and network enhancements.

EXPRESS CREDIT UNION

BECU works to strengthen partner credit unions by providing financial support and guidance to help serve members from other communities. In 2016, we assisted several small credit unions, including Seattle-based Express Credit Union, in providing safe, affordable access to financial services for people with low and moderate incomes.

FINANCIAL BEGINNINGS

BECU partners with Financial Beginnings for in-classroom curriculum and to train BECU employees to teach financial education classes in high schools. Employees are able to utilize paid volunteer time for these efforts. In 2016, BECU's two full-time educators and five trained BECU Financial Beginnings volunteers conducted 134 classroom seminars reaching 3,421 students. BECU employees taught 39.8 percent of the Financial Beginnings classroom sessions in Washington state.

EVERFI

To support financial health beyond Washington, we are partnering with EverFi, a leader in financial literacy education, to sponsor their efforts at a number of South Carolina elementary schools. We are helping to ensure the youth in this community are set up for a lifetime of financial success.





MEMBER-INSPIRED GIVING

BECU members embrace the credit union philosophy of “people helping people” by donating their time and energy to a variety of community organizations. We are proud to support the causes our members are passionate about, and in 2016 we did so with \$170,000 in grants for 13 of these deserving non-profits.

“I think it’s a beautiful thing that this comes from a credit union based on the idea that we’re all in this together and that we help each other.”

—Maggie Breen, Executive Director, REACH

PEOPLE HELPING PEOPLE AWARDS 

PEOPLE HELPING PEOPLE AWARDS

In 2013, BECU created the People Helping People Awards as a forum for members to nominate their favorite non-profits to be honored for their community service. This special program allows us to celebrate our members’ generosity and offer financial awards to the winning organizations. There are four award categories: Community Benefit Award, People’s Choice Award, Employees’ Choice Award and Member Volunteer of the Year. Congratulations to our 2016 recipients!

MEMBER VOLUNTEER OF THE YEAR AWARD—\$30,000

Karen Wimberly, REACH

PEOPLE’S CHOICE AWARD—\$20,000

Peak 7 Adventures

EMPLOYEES’ CHOICE AWARD—\$20,000

Courthouse Dogs Foundation

COMMUNITY BENEFIT AWARD—\$10,000

Agape House
 Friends of VA Puget Sound Fisher House
 Hand in Hand
 Hearth Homes
 KNOK
 Pierce County AIDS Foundation
 Pike Market Childcare and Preschool
 SCIDpda/Legacy House
 Sumner Community Food Bank
 Trout Unlimited: Bellevue/Issaquah Chapter



2016 MEMBER SUMMIT

As a credit union, we work each day to ensure our members have a bright financial future and a solid financial foundation. How do we do that? By offering them unique and exclusive opportunities to learn and grow at events—like our first annual Member Summit.

The April 19 event hosted at the Museum of Flight saw more than 400 members visit multiple financial and special-interest booths, nosh on catered bites, tour the museum, attend breakout sessions, listen to BECU board members and executives, and enjoy a keynote speech featuring renowned mountaineer Jim Whittaker. The first American to summit Mount Everest and previous CEO of REI summed up his philosophy of life this way: “If you’re not living on the edge, you’re taking up too much space.”

An important part of putting BECU’s philosophy into action is ensuring members know what it means to be a cooperative. This includes being a part of its governance, knowing the board of directors, and having a say in the process. Through this event, BECU brought its commitment to member involvement to life.

“It was a fantastic evening. It surpassed even our high standards and expectations.”

—Benson Porter, BECU President & CEO

NEIGHBORHOOD GIVING

In 2016, BECU launched a new community program to empower its branch managers to provide financial support to local non-profits, chambers of commerce and community organizations. Through this program, BECU supported 89 organizations totaling more than \$90,000.

GIVE BIG

BECU was proud to be a lead sponsor of the Seattle Foundation’s 2016 sixth annual GiveBig, a one-day online giving event to raise funds for non-profit organizations serving Greater Seattle. By donating funds into the stretch pool, we helped grow the donations members made to the non-profits they care about.



“BECU is proud to support the communities where we’re located in a hyper-local way, and the Neighborhood Giving dollars give us the chance to do just that.”

—Rachel Van Noord, Director Community Outreach



16,600

The number of community service hours donated by BECU employees

\$307,366

The amount of charitable contributions made by BECU employees

\$614,732

The BECU gift match total for 2016

"It's inspiring to see fellow employees donating their time to do things that are so important to them. It motivates me to do more."

—Victoria Pontrantolfi, Licensed Investment Services Specialist

EMPLOYEE-INSPIRED GIVING

We could not be prouder of our employees who take to heart BECU's core value of "people helping people." Even after a hard day's work, these generous souls keep giving. In 2016, BECU employees did a world of good and, as always, we were delighted to support their volunteer efforts.

BECU COMMUNITY TIME OFF

Encouraging our employees to volunteer in the community is important to us, so we give them paid time off to do so. Each full-time employee receives 12 hours off annually to be used during their workday to follow their volunteer passion.

BECU C.A.R.E.S.

Designed by BECU employees, BECU C.A.R.E.S. (Committed Active Responsible Engaged Staff) rewards employee passions and community commitments by creating and supporting volunteer opportunities, community impact giving, and recognition of outreach efforts.

GIFT MATCH PROGRAM

BECU matches up to \$5,000 a year, per employee, for donations made to qualifying non-profit 501(c)(3) organizations.

EMPLOYEE VOLUNTEER RECOGNITION PROGRAM

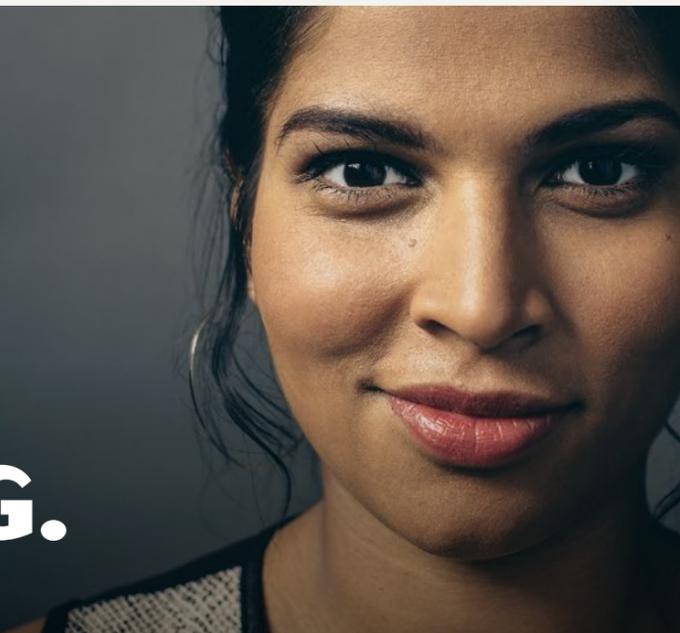
Created to encourage and promote volunteerism, this program tracks employee volunteer hours done outside of working hours. BECU then provides support with donations to organizations and a special recognition event. Employees can earn up to \$200 annually for their favorite non-profit by volunteering.

VOLUNTEER SPOTLIGHT

Theresa Arasim led our Retail Operations team in a day of giving back to the community. The team worked together preparing food for Northwest Harvest's Three Squares Program, which provides nutritious, kid-friendly meals to high-need students who have limited food resources outside of school. In just a couple hours, they packed 888 bags of food for a total of 2,664 meals. Thanks to their helping hands, some local students had meals for the weekend and when school was not in session. The team enjoyed their shift and were amazed at how much they accomplished in such a short time!



DOING THE RIGHT THING.



Our mission of “people helping people” goes beyond members and beyond community to the whole planet.

We believe we all need to do our part to protect and preserve our environment in any way we can.

ENVIRONMENTAL IMPACT

At BECU, we track and work to limit our carbon emissions. Since 2007, we’ve reduced our per-member carbon emissions by 30 percent and we are committed to finding additional ways to continually reduce our impact. In 2016, we brought together a cross-functional group of rising stars to focus on BECU’s environmental sustainability and draft a grassroots plan for how we can further expand and improve these efforts.

We know employee commute is a category that requires focus as our employee base grows. We’ve introduced some great options to employees, including a transit subsidy, our Guaranteed Ride Home program for employees who don’t drive to work, and remote work options where appropriate.

CARBON EMISSIONS (in metric tons)	2016	2015	2007 BENCHMARK	2015–2016 % CHANGE	2007–2016 % CHANGE
COMPANY FLEET	56	25	198	124.0%	-71.7%
BUSINESS TRAVEL	421	357	605	17.9%	-30.4%
EMPLOYEE COMMUTE	4,353	3,612	2,225	20.5%	95.6%
ENERGY	2,159	1,868	1,933	15.6%	11.7%
PAPER	172	154	361	11.7%	-52.4%
WASTE	266	265	280	0.4%	-5.0%
FREIGHT	2	2	0	0.0%	0.0%
TOTAL	7,429	6,283	5,604	18.2%	32.6%
METRIC TONS PER EMPLOYEE	4.3	4.4	5.78	-2.3%	-25.6%
METRIC TONS PER MEMBER	0.0074	0.0067	0.0106	10.4%	-30.2%

(R)E-CYCLING EVENTS

BECU’s Shred Events serve a dual purpose—helping people protect the environment from waste, and themselves from identity theft. At these events, anyone can securely destroy documents containing sensitive and personal information and safely recycle unwanted electronics for free—including TVs, computers, monitors, laptops and cell phones. Clearing out clutter while keeping hazardous materials out of landfills and confidential information out of the wrong hands does everyone good.

SHREDDING SENSITIVE DOCUMENTS:

Annual Total: 220,200 lbs (110 tons)

RECYCLING (MONITORS, CPUS, LAPTOPS):

Annual Total: 75,497 lbs (38 tons)

RESTORING THE DUWAMISH

Sometimes helping planet Earth means looking no farther than our own backyard. BECU employees have been doing just that, by joining the efforts to clean up the banks of the Duwamish River behind our main office in Tukwila, WA.

BECU’s support of the Restore the Duwamish Shoreline Challenge continued in 2016—and the river is looking healthier than ever. Forterra, Tukwila businesses, and the City of Tukwila have united to restore the shoreline along the Upper Duwamish, once overgrown with invasive plants. Left unchecked, these plants could choke out native vegetation that provides vital habitat for endangered Chinook salmon and other native

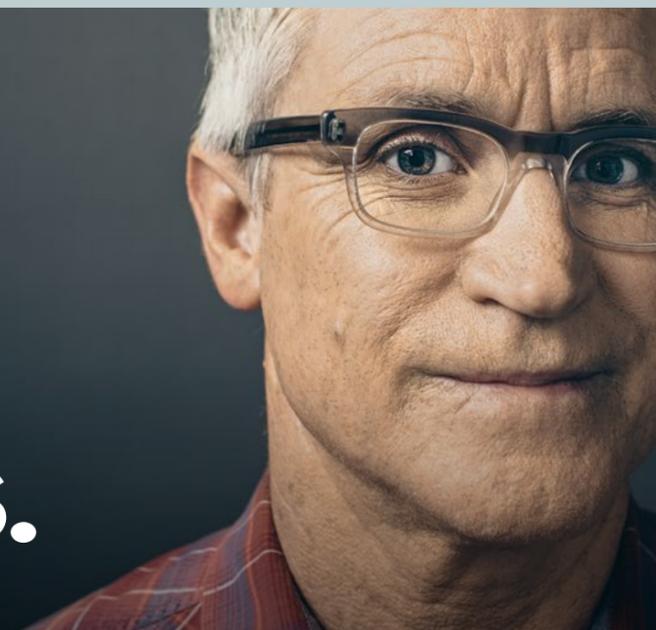
fish and wildlife species. The multiyear goal is to restore 1.5 miles of shoreline. For more information, visit forterra.org.

TFC RENOVATION

We are thrilled to have completed the remodel of our Tukwila Financial Center, which was designed to improve member and employee experiences at our headquarters. Our team thoughtfully determined how best to minimize the environmental impact during a large renovation project and worked with non-profits and community organizations to donate or repurpose at least 40 percent of our workstations. In addition, we upgraded our HVAC and lighting control systems, using primarily LED lighting to increase efficiencies. We installed drought-tolerant landscaping to reduce irrigation needs and selected a general contractor who was able to recycle a substantial amount of the construction debris.



STRENGTH IN NUMBERS.



2016 FINANCIALS

The Audit Committee held seven meetings during 2016. The Audit Committee retained the independent public accounting firm of Crowe Horwath LLP to perform the audit of BECU's 2016 financial statements. The Audit Committee has reviewed and discussed BECU's 2016 audited financial statements with Crowe Horwath, the credit union's Chief Audit Executive and management. In carrying out its responsibilities, the Audit Committee believes that appropriate internal controls are in place at BECU and that the 2016 financial statements accurately reflect the strong financial position of the credit union.

Michelle Eten

Michelle Eten
Chairperson, BECU Audit Committee

BECU AT A GLANCE

	2016	2015	% CHANGE
MEMBERS	1,000,944	940,654	6.4%
ASSETS	\$16.4B	\$14.5B	13.1%
COOPERATIVE EQUITY	\$1.7B	\$1.5B	13.3%
RETURN TO MEMBERSHIP TOTAL	\$175M	\$169M	3.3%
RETURN PER MEMBER	\$180	\$184	-2.2%
NUMBER OF RETAIL LOCATIONS	48	40	20.0%
PHILANTHROPIC DONATIONS	\$5.1M	\$3.5M	45.7%
GREENHOUSE GAS EMISSIONS	7,429 M/T	6,283 M/T	18.2%
EMPLOYEES	1,721	1,428	20.5%

LOAN/ASSET BUILDING

	2016	2015	% CHANGE
LOANS ORIGINATED	148,182	139,599	6.1%
DOLLAR AMOUNT OF LOANS ORIGINATED	\$4.9B	\$4.0B	22.5%
NUMBER OF HOME LOANS	6,080	5,577	9.0%
VALUE OF HOME LOANS	\$1.6B	\$1.4B	14.3%
HOME LOANS IN SERVICING PORTFOLIO	39,434	38,693	1.9%
HOME LOANS IN SERVICING PORTFOLIO VALUE	\$7.3B	\$6.9B	5.8%
MEMBER ADVANTAGE ACCOUNTS	506,059	476,325	6.2%
ADDITIONAL AMOUNT PAID (Savings)	\$5.4M	\$5.0M	8.0%
ADDITIONAL AMOUNT PAID (Checking)	\$7.0M	\$6.6M	6.1%
EARLY SAVER ACCOUNTS	93,832	88,857	5.6%
ADDITIONAL AMOUNT PAID	\$1.6M	\$1.6M	0.0%
VISA, LOC & AUTO LOAN ACCOUNTS REPRICED	39,787	35,899	10.8%
BOAT, PERSONAL, RV ACCOUNTS REPRICED	847	N/A	N/A

NET PROMOTER SCORE

	2016	2015
12/31 TARGET	70%	70%
12/31 ACTUAL	72.11%	71.47%

Net Promoter Score is a measure of customer loyalty and is based on the following question: "How likely is it that you would recommend our company/product/service to a friend or colleague?"

Scores can range from -100% to +100%; a score of +50% is considered excellent.

INCOME FOR THE YEARS ENDED DECEMBER 31 (in thousands)

	2016	2015
INTEREST INCOME	\$456,575	\$405,467
DIVIDEND & INTEREST EXPENSE	47,698	45,771
NET INTEREST INCOME	408,877	359,696
PROVISION FOR LOAN LOSSES	30,908	24,650
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	377,969	335,046
SERVICE FEES & NON-INTEREST INCOME	176,607	160,812
NON-INTEREST EXPENSE		
COMPENSATION & BENEFITS	147,090	120,383
PRODUCT SERVICING	75,325	71,151
OCCUPANCY & EQUIPMENT	50,664	47,033
GENERAL & ADMINISTRATIVE	37,195	32,261
OTHER OPERATING EXPENSE	34,742	28,103
TOTAL NON-INTEREST EXPENSE	\$345,016	\$298,931
NET INCOME	\$209,560	\$196,927

COOPERATIVE EQUITY (in thousands)

BALANCE AT JANUARY 1, 2015	\$1,299,970
NET INCOME FOR 2015	196,927
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	
UNREALIZED GAIN ON SECURITIES AVAILABLE-FOR-SALE	334
UNREALIZED LOSS ON CHARITABLE DONATION ACCOUNT	(1,189)
UNREALIZED LOSS ON EMPLOYEE BENEFIT TRUSTS	(5,708)
CHANGE IN OBLIGATION FOR BENEFIT PLANS	6,716
BALANCE AT DECEMBER 31, 2015	\$1,497,050
NET INCOME FOR 2016	209,560
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	
UNREALIZED LOSS ON SECURITIES AVAILABLE-FOR-SALE	(21,815)
UNREALIZED GAIN ON CHARITABLE DONATION ACCOUNT	3,471
UNREALIZED GAIN ON EMPLOYEE BENEFIT TRUSTS	13,045
CHANGE IN OBLIGATION FOR BENEFIT PLANS	(453)
BALANCE AT DECEMBER 31, 2016	\$1,700,858

BECU BOARD MEMBERS

David Yonce, Chair	Porsche Everson	Roger Mauldin
Susan Ehrlich	Denis Farmer	Desiree Serr
Michelle Eten	Bill Longbrake	Debra Somberg

FINANCIAL POSITION FOR THE YEARS ENDED DECEMBER 31 (in thousands)

	2016	2015
ASSETS		
CASH & CASH EQUIVALENTS	\$1,113,229	\$1,062,494
LOANS RECEIVABLE, NET	10,327,182	9,377,694
INVESTMENTS	4,109,235	3,391,814
INTEREST-BEARING DEPOSITS & FHLB STOCK	17,917	15,558
INTEREST RECEIVABLE	52,795	51,163
PREMISES & EQUIPMENT, NET	139,356	74,562
NCUSIF DEPOSIT	125,876	113,821
CHARITABLE DONATION ACCOUNT	70,318	65,241
EMPLOYEE BENEFIT TRUSTS	278,078	237,063
OTHER ASSETS	121,149	84,818
TOTAL	\$16,355,135	\$14,474,228

LIABILITIES & COOPERATIVE EQUITY

LIABILITIES		
MEMBER SAVINGS DEPOSITS	\$5,564,744	\$4,884,178
SHARE CHECKING ACCOUNTS	3,289,269	2,837,537
MONEY MARKET ACCOUNTS	3,186,515	2,925,916
CERTIFICATES	2,091,277	1,899,385
INDIVIDUAL RETIREMENT ACCOUNTS, VARIABLE	211,916	191,829
	\$14,343,721	\$12,738,845
DIVIDENDS & INTEREST PAYABLE	2,216	1,824
TERM BORROWINGS	166,607	113,926
OTHER LIABILITIES	141,733	122,583
	\$310,556	\$238,333
EQUITY		
COOPERATIVE EQUITY	1,744,117	1,534,557
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		
UNREALIZED (LOSS) ON SECURITIES AVAILABLE-FOR-SALE	(29,995)	(8,180)
UNREALIZED GAIN (LOSS) ON CHARITABLE DONATION ACCOUNT	2,707	(764)
UNREALIZED GAIN ON EMPLOYEE BENEFIT TRUSTS	19,786	6,740
RECOGNITION OF OBLIGATION FOR BENEFIT PLANS	(35,757)	(35,303)
	\$1,700,858	\$1,497,050
TOTAL	\$16,355,135	\$14,474,228

BECU AUDIT COMMITTEE

Michelle Eten, Chair
Susan Ehrlich
Jane Repensek

2016. GIVING IT OUR ALL.

BECU is rooted in a strong foundation of giving back, in ways big and small, to foster financial health for our members and improve the communities in which they live. The following is a snapshot of organizations we were proud to support in 2016, including those organizations our branches chose to support through Neighborhood Giving.

Antioch University	OARS	Neighborhood Giving	Federal Way Senior Center	Pike Place Market Foundation
Bellevue College	Plymouth Housing Group	Advancing Leadership	Filipino Chamber of Commerce	Queen Anne Chamber of Commerce
Bellwether Housing	Prosperity Agenda	American Cancer Society	Greater Maple Valley Community Center	Recovery Café
Business Impact NW	Rebuilding Together, South Sound	American Red Cross	Highline Medical Center	Salt of the Earth Food Bank
Center for Inclusive Entrepreneurship	Rebuilding Together, Spokane	Arlington Fly-In	Hilltop Artists	Seattle Neighborhood Farmers Markets
Central Washington University	Red Cross Low Country, South Carolina	Arlington Food Bank	Hopelink	Seattle Seachordsmen
College Access Now	Seattle Central Community College	Attain Housing	Huntington's Disease Society of America	Second Harvest
EverFi	Seattle Foundation	Auburn Area Chamber of Commerce	Issaquah Food Bank	Secret Harbor
Express Advantage	Seattle Housing Levy	Ballard Food Bank	Junior League of Spokane	Shoreline Farmer's Market Association
Express Credit Union	Seattle Made	Beautify Bonney Lake	Kent Downtown Partnership	Silverdale Chamber of Commerce
Financial Beginnings	Seattle University	Bellevue LifeSpring	Kent Station	Skagit Domestic Violence and Sexual Assault Services
Forterra	Skagit Valley College	Big Brother Big Sisters	Kent Youth and Family Services	Skagit Valley Neighbors in Need Food Bank
Global Partnerships	SNAP	Birthday Dreams	Kingston Cares	South Sound Parent to Parent
Global to Local	Social Venture Partners	Bonney Lake Food Bank	Kirkland Downtown Association	Spokane Counseling Services
Habitat for Humanity	South Seattle Community College Foundation	Boys and Girls Club of Snohomish County	KWPS Cares	Spokane Valley Arts Council
Hearing Speech Deafness Center	South Sound Outreach	Bread of Life Food Bank	Lake Stevens Aquafest	Tacoma Pierce County Habitat for Humanity
Highline Community College	Tukwila Community Potluck	Capitol Hill Pride Festival	Lake Stevens Food Bank	Tasha Mitchell OTTERS Fund
Highline High School Alumni Scholarship	United Way, Skagit	Children's Miracle Network	Lake Stevens Senior Center	The Grand Cinema
HomeSight	University of Washington	City of Lacey	Lynnwood Food Bank	Tri-Parish Food Bank
Housing Development Consortium	Ventures	City of Redmond	Maple Valley Food Bank	Vanessa Behan Crisis Nursery
Housing Hope	Washington Access Fund	Clothes for Kids	Maple Valley Rotary Foundation SWAC	Walk MS
INTERIM CDA	Washington Business Week	Cocoon House	Mill Creek Community Food Bank	West Seattle Chamber of Commerce
Junior Achievement of Oregon and SW Washington	Washington DECA	Community In Schools	Montgomery KOSS	White Center Food Bank
Junior Achievement of Washington	Washington DECA	Corey's Day on the Farm	Multi-Service Center	YMCA of Pierce and Kitsap Counties
KCTS 9	Washington Women in Need	Des Moines Police Foundation	North Helpline Emergency Services & Food Bank	YMCA of Snohomish County
Leadership Tomorrow	World Council of Credit Unions	Des Moines Waterfront Farmers Market	North Seattle Chamber of Commerce	YWCA
Mount Vernon School District		Destination Des Moines	Orting Food Bank	
Museum of Flight		Everett Eagles	Peak 7 Adventures	
National Credit Union Foundation		Everett School District No. 2		
Northwest Credit Union Association		Fallen Brothers of Seattle		
Northwest Credit Union Association Foundation		Federal Way Farmers Market		

