

2012

# COMMUNITY & MEMBERSHIP ANNUAL REPORT



*more than  
just money*<sup>®</sup>

**BSCU**

*Federally insured by NCUA*



03/13  
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*All Washington State Residents Are Eligible To Join*

# CHAIRPERSON'S STATEMENT

THANK YOU TO OUR LOYAL long-term members and to our new members for making BECU one of the most preferred financial institutions in Washington State in 2012. As the state's leading not-for-profit credit union, we are loyal to the communities we serve, and we are grateful for our growing and engaged membership.

Over the past few years, there has been a shift in consumers' expectations, and as trust and integrity has always been our platform, we find more and more consumers and small businesses reaching out to us as their community-focused financial institution of choice.

## *Community Partners*

In 2012, we were fortunate to partner with many community organizations making a positive difference locally and globally—from Woodland Park Zoo and Junior Achievement to Habitat for Humanity and Rebuilding Together South Sound. We were able to work with these organizations to provide much-needed services and financial support. For more information on the work we are doing with our community partners, see the community section of this report.

## *Reaching More Communities*

Last year, we celebrated the opening of four new Neighborhood Financial Centers in Puyallup, Mill Creek, Factoria and Maple Valley. Because of the growing need for affordable and responsible financial services, our membership is expanding throughout the Puget Sound region. To accommodate this growth, we are investing in building larger locations to better serve our members. The larger locations have more member consultant desks, more ATMs and more space to conduct your financial transactions comfortably.

## *Lowering Rates*

In the credit union spirit of giving back to our members, we helped more members keep more of their money last year. For example, we automatically lowered the credit card rate for nearly 18,000 members and lowered the line of credit rate for more than 4,500 members.

“ ”



BECU  
June 28, 2012

We are proud to sponsor BECU ZooTunes Concert Series at Woodland Park Zoo for the 4th year in a row. This family fun event kicked off last night with Leo Kottke and Jake Shimabukuro! The concert series runs through August and features big names such as k.d. land, Ziggy Marley, Pink Martini and more...check out the complete lineup here: <http://bit.ly/M4NQkW>



In Google's 2012 Zeitgeist, BECU was named 8<sup>th</sup> hottest topic searched in the Seattle area.



seattle  
magazine

Seattle Magazine named BECU the most influential company in finance in 2012.

### Mobile Check Deposits

We added this convenient feature to our Mobile Banking App for Android™ and Apple® devices last year. And, we are pleased to see members taking advantage of this new feature—in the first two weeks, our members made more than 11,000 deposits totaling over \$6 million dollars using Mobile Check Deposits.



### Spreading the Word

Members are talking about the work BECU is doing in the community and in their personal lives. This year, we look forward to more BECU members sharing their experiences through social networks.

### Committed to Community

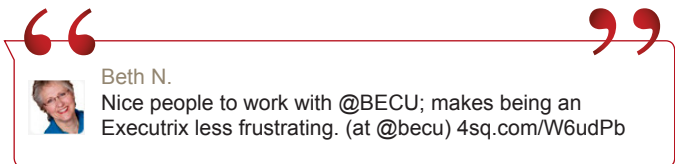
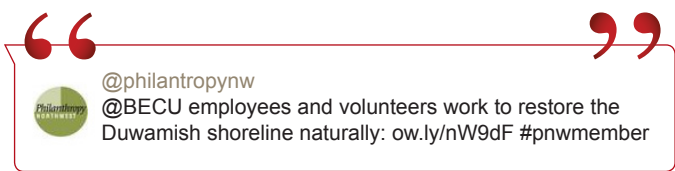
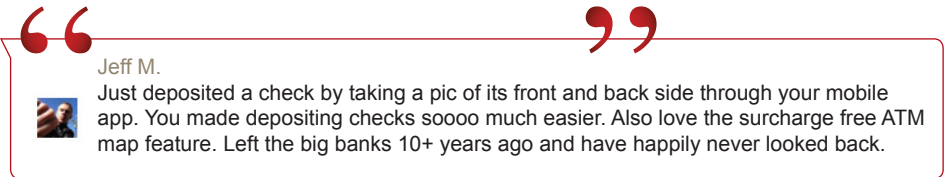
2012 demonstrated the need for reliable and responsible financial services in our community. We are committed to continuing to explore and pursue opportunities that promote strong thriving communities for a long time to come.

Sincerely,

Desiree Serr



### Here are a few things members are sharing on about BECU:



# PRESIDENT'S STATEMENT

COMING TO BECU LAST YEAR, I knew I was joining an organization dedicated to always listening and responding to the needs of the membership. I want to take this opportunity to thank both our members and my new colleagues for their tremendous support during my first year and their input on what makes up the BECU Difference.

One thing that sets us apart is that act upon the feedback that we receive from our members. Every day we hear from members when they visit our branch locations, call us, message us and post to social channels. This feedback lets us know that it is important to make financial transactions easier and more convenient. We are committed to investing in technology and services to enrich your experience with BECU. I'm happy to share with you some exciting new things coming up this year as a direct result of member feedback.

## Larger Locations and More ATMs

We are relocating our Issaquah and Lake Stevens Neighborhood Financial Centers to larger stand-alone locations with more member service space. In addition to these two new locations, we will also open a larger state-of-the-art center in Bellevue later in the year featuring enhanced interactive technology and product specialists to assist with home financing, small business services, financial planning and investment needs.

In addition to nearly 30,000 surcharge-free CO-OP ATMs nationwide, we are increasing our ATM network based on member usage and need. In 2012, we added 18 ATMs to our network. And, this year we will add an additional 14 ATMs and upgrade 16 of our existing fleet to the image taking Snapshot ATMs.



City, state or zip  Search  Refresh search when map changes

**43 Results**

Type	Locations	Address	Distance
BECU	Downtown Seattle	1527 2nd Ave Seattle, WA 98101	0.62 mi
BECU	Broadway Market	401 Broadway E Seattle, WA 98102	1.39 mi

**Filter your results** ▶

**Locations**

- BECU Financial Centers
- BECU Neighborhood Financial Centers
- Partner Credit Unions

**ATMs**

- BECU ATMs (Surcharge Free\*)
- Surcharge Free\* ATMs

Update results

\*Applies to transactions with BECU, CO-OP and NWCU Alliance cards.

**NATIONWIDE ACCESS TO YOUR BECU ACCOUNTS**

Enter a city, state, or zip code above for a list of nearby ATMs and locations.

BECU members can access accounts and

## New Look, Navigation and Features Online

We understand that when you are dealing with the “busyness” of the day, it is easier to take care of your financial transactions when and where it is convenient for you. That’s why we are redesigning our website at [www.becu.org](http://www.becu.org) to offer improved navigation so you can find the information you need and use the most, quicker and easier.

In addition, we have heard from members asking for the ability to see pending debit transactions online. We are adding that feature this year to Online, Mobile and Telephone Banking.

## Enhancements for Business Accounts

More and more businesses are turning to BECU for affordable financial services and we are making the following changes to enrich the experience:

- >> *Visa account available online—members with Business Visa accounts will be able to view transactions online, make payments and enroll in eStatements*
- >> *Deposit multiple checks at once using Online Deposits—if you are using a high speed scanner, you will be able to scan up to 75 checks at once and it will post to your account as one transaction*

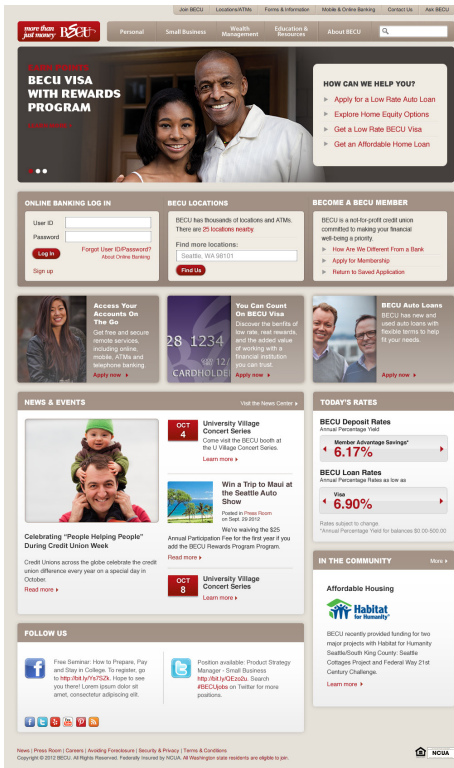
## Thank You for Sharing

We understand the importance of transparent money-management and we intend to continue investing in the services and technology to help make your experiences with BECU easier and more convenient. Thank you for the continuing feedback on how we are doing and for sharing your experiences with us.

Sincerely,



Benson Porter



The screenshot shows the BECU website homepage with a navigation bar at the top. The main content area features a large banner for the BECU Visa Rewards Program, a 'HOW CAN WE HELP YOU?' section with links to low-rate auto loans, home equity options, and affordable home loans. Below this are sections for 'ONLINE BANKING LOG IN', 'BECU LOCATIONS', and 'BECOME A BECU MEMBER'. There are also sections for 'Access Your Accounts On The Go', 'You Can Count On BECU Visa', and 'BECU Auto Loans'. A 'NEWS & EVENTS' section highlights the University Village Concert Series and a contest to win a trip to Maui. A 'TODAY'S RATES' section shows deposit and loan rates. A 'FOLLOW US' section includes social media links for Facebook and Twitter. The footer contains legal disclaimers and the BECU logo.

“

Tammy B.

I just sat at my desk and deposited a check with my phone! How COOL is THAT??? Thanks Janet M. for showing me how this works!



# COMMUNITY SUPPORT

BECU IS COMMITTED to enriching and strengthening communities. We are dedicated to improving lives through outreach efforts focused on affordable housing, education, financial literacy, and support for the credit union movement.

## *Financial Literacy*

Free financial education is one of the most appropriate ways that credit unions can fulfill our mission to help better the lives of members and communities. BECU employs full-time financial educators. They offer sessions focused on helping individuals learn about and make wiser choices in all areas of personal financial management, with a special emphasis on saving, credit management, homeownership and retirement planning. A complete list of financial articles, seminars, webcasts, and other financial tools can be found at [www.becu.org/resources](http://www.becu.org/resources).

## *BizKid\$ Financial Education*

BECU continues to be a lead supporter of BizKid\$, the PBS television show that is underwritten by America's Credit Unions. This Emmy Award-winning show teaches kids about managing their money and entrepreneurship, and now airs in every major U.S. market. BECU has sponsored BizKid\$ since 2006 and our contributions have totaled over \$1 million.



*Lending a Helping Hand—Education*

BECU knows the importance of investing in higher education. We do this through our own programs and through partnerships with community organizations that share the same commitment.

**BECU School Grants** help provide funding for educational materials and/or programs that directly enhance students' learning experiences in areas that align with the mission and values of BECU, such as financial education, environmental sustainability and technology tools to enhance learning in reading, writing, math or science.

**BECU Foundation College Scholarships** recognize and award outstanding community service and academic achievement of graduating high school seniors and undergraduates. Since 1995, the BECU Foundation has awarded more than \$1.4 million dollars in scholarships to more than 660 student-members.



@KallesGroup

This is great stuff, check it out! RT @BECU: Students apply for a \$2,500 BECU Foundation Scholarship. [bit.ly/XqIKBg](http://bit.ly/XqIKBg)



>> In 2012, BECU held over 300 classroom sessions for over 7,500 participants.





# COMMUNITY OUTREACH

## *Affordable Housing*

We recognize that for most people in our community, homeownership is more than a dream; it provides the foundation for financial security. Affordability is the biggest issue many face when it comes to buying or sustaining a home.

**BECU Member Assistance Program** helps with loan modifications when a member is experiencing difficulties making payments. In addition to home loans, this team helps members with other financial situations such as vehicle, layoff and credit cards. In 2012, BECU modified over \$75 million in loans, helping more than 2,700 members better manage their payments.

**BECU Housing Grants** support the efforts of local non-profit organizations to create and sustain affordable housing by investing in much-needed housing programs and projects. Since 2010, BECU has granted a total of \$240,000 to 12 non-profit organizations serving King, Pierce, Snohomish, Kitsap, Skagit and Thurston counties.



BECU  
December 20, 2012

BECU Volunteers at Northwest Harvest (17 photos)  
The BECU Marketing team had a great time helping sort food donations at Northwest Harvest today. Here are some choice photos from the day. — In Kent.

### *Committed to Environmental Sustainability*

Our carbon emissions have increased by 11% since 2007. However, our membership has grown by 51% in that same period of time. As a result our per member carbon emissions has decreased by 26%. In 2012, our emission did increase over 2011 by 14% due in part to employee commuting and business travel servicing our branch locations and ATMs. As always we are committed to continuing to look for ways that lessen our impact on the environment.

### *Credit Union Movement*

There is a spirit of cooperation among credit unions not found in many other industries. The Credit Union Movement was founded on the commitment to the cooperative nature of not-for-profit member-ownership, and a partnership with all credit unions.

BECU works to build and strengthen partner credit unions by providing financial support, guidance, and encouragement to help them serve members from all walks of life. In 2012, BECU's innovation and philanthropic support helped other local credit unions, such as Seattle-based, low-income serving Express Credit Union, evolve and meet the needs of the underserved and unbanked in our area.



**express**  
credit union



**BECU AND SUBSIDIARIES CONSOLIDATED**  
**SUMMARY STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31**

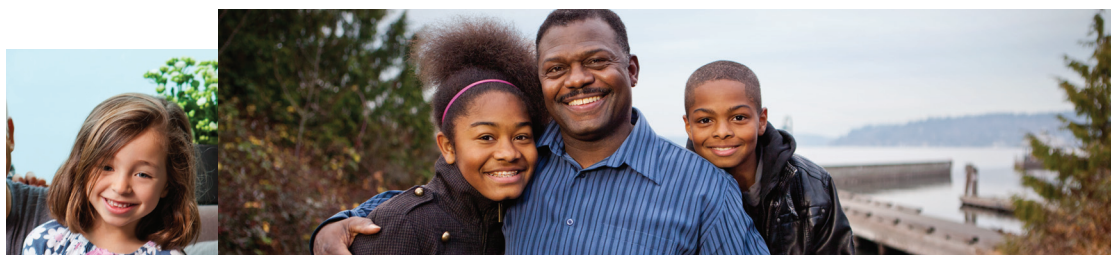
(in thousands)

	2012	2011
Interest Income	\$366,307	\$383,491
Dividend & Interest Expense	60,979	80,660
Net Interest Income	<b>305,328</b>	<b>302,831</b>
Provision for Loan Losses	90,855	70,379
Net Interest Income after Provision for Loan Losses	<b>214,473</b>	<b>232,452</b>
Service Fees & Non-Interest Income	194,971	140,803
<b>Non-Interest Expense</b>		
Compensation & Benefits	98,614	89,652
Product Servicing	60,242	52,704
Occupancy & Equipment	40,290	42,108
General & Administrative	47,369	53,590
Other Operating Expense	21,787	21,238
<b>Total Non-Interest Expense</b>	<b>268,302</b>	<b>259,292</b>
<b>Net Income</b>	<b>\$141,142</b>	<b>\$113,963</b>

**BECU AND SUBSIDIARIES CONSOLIDATED**  
**SUMMARY STATEMENTS OF MEMBERS' EQUITY**

(in thousands)

	Members' Equity
Balance at January 1, 2011	<b>\$667,886</b>
Net Income for 2011	113,963
Non-controlling Interest	(166)
<b>Accumulated Other Comprehensive Income (Loss)</b>	
Unrealized Gains on Securities Available-for-Sale	14,735
Change in Obligation for Benefit Plans	(5,838)
Balance at December 31, 2011	<b>\$790,580</b>
Net Income for 2012	141,142
Non-controlling Interest	(3,712)
<b>Accumulated Other Comprehensive Income (Loss)</b>	
Unrealized Gains on Securities Available-for-Sale	504
Change in Obligation for Benefit Plans	(10,178)
<b>Balance at December 31, 2012</b>	<b>\$918,336</b>



**BECU AND SUBSIDIARIES CONSOLIDATED**  
**SUMMARY STATEMENTS OF Financial CONDITION**  
**FOR THE YEARS ENDED DECEMBER 31**

(in thousands)

	2012	2011
<b>ASSETS</b>		
Cash & Cash Equivalents	\$760,430	\$800,140
Loans Receivable, Net	7,002,225	6,753,446
Investments	3,015,523	2,097,911
Interest-Bearing Deposits & FHLB Stock	23,722	23,974
Interest Receivable	42,348	41,334
Premises & Equipment, Net	55,510	60,689
NCUSIF Deposit	92,812	83,447
Other Assets	100,969	94,023
<b>TOTAL</b>	<b>\$11,093,539</b>	<b>\$9,954,964</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Liabilities</b>		
Member Savings Deposits	\$3,431,780	\$2,848,039
Money Market Accounts	2,495,457	2,235,846
Certificates	2,232,009	2,403,475
Share Checking Accounts	1,741,770	1,433,543
Individual Retirement Accounts, Variable	161,339	145,972
	<b>10,062,355</b>	<b>9,066,875</b>
Dividends & Interest Payable	1,816	2,955
Other Liabilities	111,032	94,554
	<b>112,848</b>	<b>97,509</b>
<b>Equity</b>		
Members' Equity	948,013	810,583
Accumulated Other Comprehensive Income (Loss):		
Unrealized Gain on Securities Available-for-Sale	7,776	7,272
Recognition of Obligation for Benefit Plans	(37,453)	(27,275)
	<b>918,336</b>	<b>790,580</b>
<b>TOTAL</b>	<b>\$11,093,539</b>	<b>\$9,954,964</b>



# TREASURER'S STATEMENT

2012 WAS ANOTHER STRONG YEAR for BECU with positive growth in assets, loans, deposits and membership. More and more individuals, families and businesses are turning to us to finance their homes, purchase cars, plan for retirement and find affordable services for their businesses.

## *Safe, Sound and Growing*

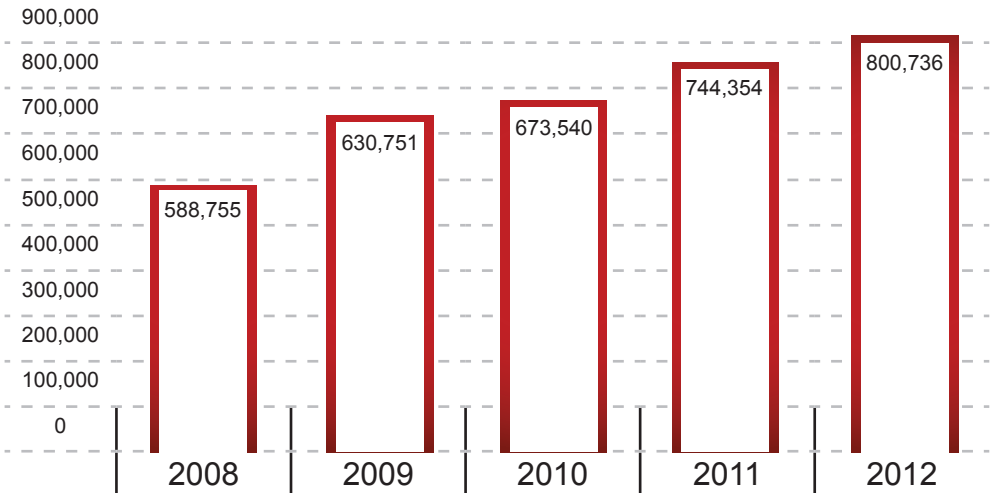
Thanks to the loyalty of our growing membership, we have successfully weathered the economic crisis that impacted many financial institutions over the past few years. We ended 2012 with a positive net income of \$141 million and a total of 800,736 members. Our deposits have grown to over \$10 billion and last year we loaned over \$4.6 billion to our members. Members continue to turn to us for responsible credit options that they can trust. And last year a record number of 28,964 members opened a new BECU Visa® credit card account.

## *Affordable and Responsible Financial Services*

As a not-for-profit cooperative, we are committed to the financial well-being of our members. We want to make sure that our members receive the services that are right for their specific financial situation. That's why we offer straightforward accounts and services with understandable terms. We know the importance of trusting your financial institution and we remain committed to operating with the integrity required to maintain that trust.



## MEMBERSHIP GROWTH



*Well-Capitalized*

BECU's net worth ratio at the end of 2012 was 8.55%, well above the minimum "well-capitalized" level established by Congress and the National Credit Union Administration (NCUA). This is a testament to our pledge to operate efficiently and with the thriftiness that ensures our long term vitality and a good value on financial services.

*Building Value*

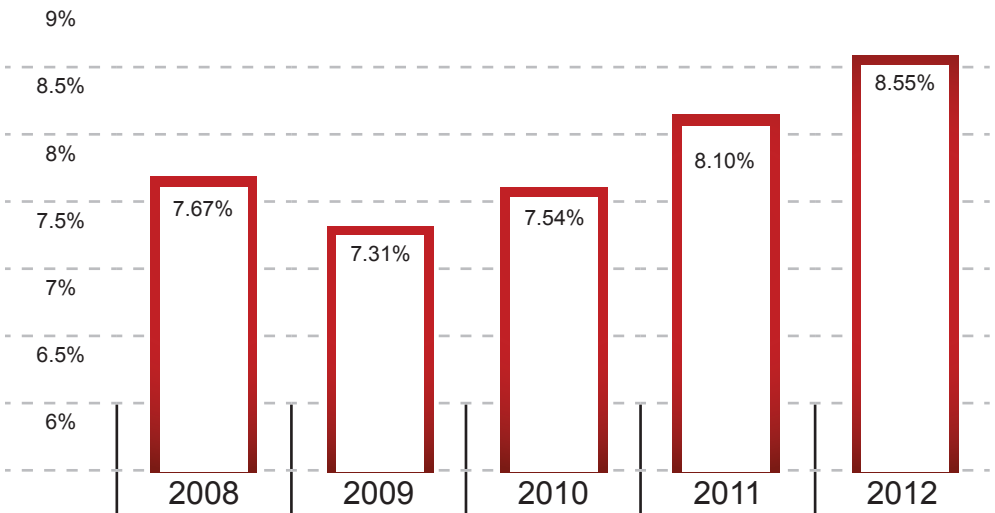
As we look to the upcoming year, we will continue to build upon the value that we offer, and invest in the financial well-being of our members. We will continue to offer better rates, fewer-to-no fees and more affordable financial services with complete trust. And, we hope you will continue to use your Credit Union for your financing and money-management needs.



Sincerely,

Kathy Elser

NET WORTH RATIO



# FROM THE SUPERVISORY COMMITTEE

THE SUPERVISORY COMMITTEE is responsible for monitoring the financial safety and soundness of BECU and compliance with various financial and regulatory requirements.

In fulfilling these responsibilities, the Committee appointed the independent audit firm of Moss Adams LLP, which directly reports to the Committee. The Committee also met regularly to, among other things, review internal audit services, internal controls and risk management processes, and examinations by regulatory agencies.

In the opinion of the Committee, BECU has operated in a fiscally sound manner and, in all material respects, in accordance with applicable federal and state regulations.

David Yonce, *Chairperson*  
Brian Abeel, Michelle Eten, Robin Krueger

## BOARD OF DIRECTORS

*Desiree Serr, Chairperson*

*Mike Sweeney, Vice Chairperson*

*Brian Abeel*

*Steve Brilling*

*Michelle Eten*

*Porsche Everson*

*Denis Farmer*

*Robin Krueger*

*Roger Mauldin*

*Jim Wadhwani*

*David Yonce*



## SUPERVISORY COMMITTEE

*David Yonce, Chairperson*

*Brian Abeel*

*Michelle Eten*

*Robin Krueger*



