



Management Incentive Compensation Program

bcu

CONNECTING ANNUAL PERFORMANCE WITH REWARDS

Our Purpose at BCU is to empower members to discover financial freedom.

Just as we strive to empower our members, BCU works to provide our employees with this same opportunity.

BCU's Management Incentive Compensation Program (MICP) rewards the financial success we can achieve together in pursuit of our mission.

The program is designed to:

- Provide a strong link between performance and compensation;
- Reward each participant for their role in achieving key business objectives;
- Recognize individual performance; and
- Attract and retain exceptional employees.

This brochure highlights the benefits and objectives of MICP. For plan document details, contact BCU Human Resources.



Our shared values help unify our culture:

We foster an environment of **INCLUSION**

We act with **INTEGRITY**

We display **COURAGE** in our convictions

We excel through **COLLABORATION**

We **WOW** our Members

A VALUABLE PART OF YOUR COMPENSATION

The MICP is a valuable part of your total BCU compensation. It is a form of “variable pay.” The amount you receive can change from year to year, based on annual business performance and your individual performance. As the market changes, we monitor and update the MICP to remain competitive with other employers.

MICP PARTICIPATION

Participation in the MICP is based on your job level within BCU’s organizational structure. The MICP performance year is effective January 1 through December 31. To receive a payout, you must be an active employee as of the payout date (typically in February of the year following the performance year). Employees hired after November 16 of the performance year are not eligible for MICP for that year because their contribution was not a sufficient number of months to affect the year’s overall performance.



YOUR MICP AWARD

Your annual MICP payout is expressed as a percentage of your base salary and based on both overall BCU performance and your individual performance, as assessed by your manager.

YOUR TARGET AWARD AMOUNT

Your target award amount is a percentage of your annual base salary for the performance year. For example, if your annual base salary is \$50,000 and the target award percentage for your job is 10 percent, then your target award amount would be \$5,000 ($\$50,000 \times 0.10 = \$5,000$). You will receive information on your target award amount when you first become eligible for the MICP. Then, in Q1 of each year, you will receive a management communication, detailing BCU's performance and your MICP award for the most recent performance year. Please see the MICP changes section later in this document to understand how a job change may impact your incentive.



BCU'S BUSINESS PERFORMANCE

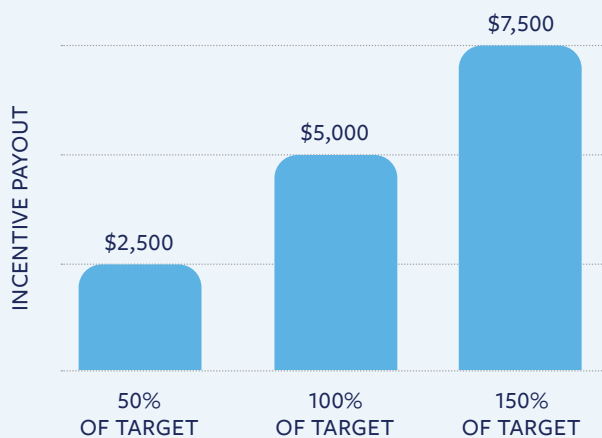
At BCU we are focused on achieving and rewarding high performance, which includes strong financial performance and extraordinary member experiences. Achieving these goals increases the pool of funds available for MICP award payouts. Each year, BCU sets financial performance expectations for the business. Business results are calculated based on actual performance compared to the predetermined plan metrics.

The MICP metrics are communicated annually and reflect an important balance between achieving strong financial performance, driving member engagement and loyalty, and offering a competitive and valuable suite of products and services that results in quality membership growth. Each metric has an identified weight within the total MICP that provides a representative measurement of our ongoing success.

Overall, business performance ranges from 0 to 150%, with target performance being equal to 100%.

Payout Levels Can Vary Based on Performance

Example: Payout levels assuming a \$5,000 target incentive





YOUR INDIVIDUAL PERFORMANCE

Your individual performance is an important factor in determining your MICP award. Each year, your manager determines your individual assessment based on your accomplishments for the year and internal guidelines/budgets.

Your manager considers:

- Your achievement of individual performance goals;
- The success of your broader team;
- Your progress on your individual development plan; and
- Your demonstration of the BCU Shared Values and key behaviors.

Your manager will discuss your performance with you on an ongoing basis, including the impact your performance had on your MICP award.

EXAMPLE: MICP PAYOUT CALCULATION

Here is an example of how the MICP awards would be determined for an individual participant. In this example, we will assume:

1. The target award is \$5,000 (annual base salary is \$50,000 and target is 10% - $\$50,000 \times 0.10 = \$5,000$.)
2. The business performance exceeded expectations, and can therefore fund MICP awards overall at 105%.
3. Your Manager's assessment of your individual performance for the year is 110%.

Your actual MICP award is \$5,775 or 11.5% of your base salary.

MICP CHANGES

MICP awards may be impacted by employment changes that occur during the performance year, as described below.

You join BCU Nov. 16 or earlier	Your MICP target amount will be prorated to reflect the number of days of plan participation.
You join BCU Nov. 17 or later	You will not be eligible to participate in MICP that year, because your contribution was not a sufficient number of months to affect the years' overall performance.
Your base salary changes during the year	Your MICP will be based on your salary as of November 16th of the performance year.
Your target % changes during the year	Your MICP target percent will be prorated to reflect the number of days of participation at various levels during the year.
You changed your scheduled hours worked (ex. full-time to part-time)	HR will run reports on incentive employees with changes in full time and part time status and adjust the target MICP accordingly.
Your job changes from a non-MICP eligible job to a MICP eligible job (or vice versa)	Your MICP target amount for the year will be prorated to reflect the number of days of plan participation.
You terminate due to a reduction in force, retire, become permanently disabled, or die	Prior to July 1 of the performance year: You are not eligible for MICP for that year, due to having spent an insufficient amount of time with the company that year. On or after July 1 of the performance year: You are eligible for MICP for that year. Your target amount will be prorated to reflect the number of days of plan participation.
You terminate voluntarily but are rehired within the year	If you terminate voluntarily, you forfeit your MICP eligibility through the date of your termination. If you are rehired during that year in an MICP eligible role, you will begin your MICP participation again, prorated to the number of days of your new employment plan participation.
You go on temporary leave	You continue to be MICP eligible through the duration of your short-term leave.
You leave BCU for any other reason than noted above (ex. you take another job outside of BCU)	Before payment of the incentive: You voluntarily forfeit your MICP eligibility for the year.



YOUR MICP

MICP awards are paid following the end of the performance year. Payouts are generally made by the end of February of the year following the performance year. For details on payout timing for a given year, contact Human Resources. Thank you for your commitment to BCU and for your contributions to our shared success.



This brochure provides highlights of BCU's Management Incentive Compensation Program (MICP), please keep this brochure for reference. This brochure is based on a legal program document. If there is any discrepancy between this brochure and the legal document, the legal document governs. For a copy of the legal program document, see BCU Human Resources. Nothing in this brochure says or implies that participation in the MICP is a guarantee of continued participation in the program or continued employment with BCU, nor is it a guarantee that the program will remain unchanged in the future. BCU reserves the right to suspend, amend or terminate the MICP at any time. This brochure is not intended to address the tax treatment of award payouts. Please consult a local, qualified tax advisor for questions regarding employee taxation. BCU 340 N. Milwaukee Ave, Vernon Hills, IL 60061