

Building Trades Credit Union 2012 Annual Report



A MESSAGE TO OUR MEMBERS

2012 was a successful year for Building Trades Credit Union. While our achievements can be directly linked to a few simple principles – integrity, service, commitment and innovation – it's our ability to help that has made all the difference. BTCU's board, management and staff take great pride in serving our membership and helping union workers in the building, construction and finishing trades create a solid financial future for themselves and their families.

BTCU remains safe and sound with conservative financial practices and sensible business decisions. Here's how we did financially:

- > Our assets grew by \$3 million, ending the year at \$104.4 million.
- > Our net worth increased to 12.94% with a return on average assets of 0.67%.
- > Loans to members increased to \$63.6 million with delinquent loans at just 0.53%.
- > Savings deposits grew to \$89.9 million with shares and certificates exceeding checking accounts and IRAs.

BTCU faced some challenges in 2012:

- > The Consumer Financial Protection Bureau (CFPB) revised rules and documentation for originating real estate loans which resulted in substantial costs to the Credit Union.
- > Competition continues to put pressure on loan rates, reducing the amount of income available to pay dividends and expenses. Forecasts predict low rates until 2015. For members looking to purchase a home or refinance their current mortgage, now is a perfect time to do so. Those who are looking for higher dividend rates, it may take several years before rates rise.

Our accomplishments in 2012 were significant:

- > We upgraded our telephone system to a hosted solution that combines phone and data lines to provide additional conveniences for the staff and a built-in disaster recovery system with guaranteed reliability.
- > We converted our in-house core data processing system to an online service bureau which allows us to provide our members with top-of-the-line products and services. This conversion involved transferring information on more than 26,000 accounts to the new system. It also included months of staff training on new programs and software. Members would have noticed a change to their statement format as well as new online banking (It's Me 247) and money management (MoneyDesktop) systems.
- > We supported 60 union locals and related organizations by providing quality banking services, often at little or no cost, including checking accounts, investment certificates, debit and credit card processing and electronic funds transfers.
- > We processed union payroll savings plans and automated dues collection for numerous union locals at no cost to them.
- > We continued our commitment to

outreach by bringing basic financial education to nearly 600 union apprentices. We believe that education on the responsible use of credit is essential for union workers who are just starting their careers.

- > We provided 25 scholarships, totaling \$10,000, to our members pursuing a post-secondary education. Many of these scholarships went to union apprentices to help cover the cost of their training at union JATCs.
- > We continued to modify loans for members who were experiencing financial difficulties caused by the on-going economic recession.

We are excited to bring our members even more enhancements in 2013. Look for a new mobile app with features that would allow members to make a deposit right from their smartphone as well as an upgrade to our website so we can provide important information faster and easier.

We thank you for the trust you have placed in us and for your continued support. We wish you and your families personal financial success in 2013.

Sincerely,

Leesa Husak, President & CEO and
Al Gibney, Chairman of the Board

FINANCIAL REPORT

STATEMENT OF CONDITION

(Unaudited at December 31)

ASSETS

	2012	2011
Cash & cash equivalents	\$ 5,071,500	\$ 4,614,690
Investments	33,506,611	32,855,647
Loans, net	62,637,885	60,895,831
Other assets	3,232,417	3,141,171
Total assets	\$ 104,448,413	\$ 101,507,339

LIABILITIES & MEMBER'S EQUITY

Members' shares	\$ 89,894,522	\$ 87,976,545
Dividends payable & other liabilities	1,033,439	710,593
Total equity	13,520,452	12,820,201
Total liabilities & member's equity	\$ 104,448,413	\$ 101,507,339

STATEMENT OF INCOME

(Unaudited for the year ended December 31)

INTEREST INCOME

Interest income on loans	\$ 3,639,848	\$ 3,784,914
Interest income on investments	520,435	648,765
Total interest income	\$ 4,160,283	\$ 4,433,679

Interest Expense

	329,611	457,966
Net interest income	\$ 3,830,672	\$ 3,975,713

Provision for Loan Losses

	438,000	573,000
Net interest income after provision	\$ 3,392,672	\$ 3,402,713

NONINTEREST INCOME

Fee income	\$ 684,566	\$ 524,939
Other income	498,991	616,524
Total noninterest income	\$ 1,183,557	\$ 1,141,463

NONINTEREST EXPENSE

Salaries and benefits	\$ 1,787,082	\$ 1,780,786
Other operating expense	2,009,645	1,894,080
Total noninterest expense	\$ 3,796,727	\$ 3,674,866
Net income before stabilization expense	\$ 779,502	\$ 869,310

STABILIZATION EXPENSE

Share Insurance Fund premium expense	\$ 0	\$ 0
Temporary stabilization assessment	79,251	209,592
Total stabilization expense	\$ 79,251	\$ 209,592
Net income	\$ 700,251	\$ 659,718

KEY STATISTICS

	2012	2011
Return on Assets	0.67%	0.65%
Net Capital/Assets	12.94%	12.63%
Net Operating Expense/Avg. Assets	3.32%	3.43%
Loans/Shares	70.54%	70.25%
Net Charge-offs/Avg. Loans	0.65%	0.70%
Loans Delinquent 60+days/Loans	0.53%	0.95%
Allowance/Ending Loans	1.53%	1.47%
Share Growth	2.18%	-0.73%
Loan Growth	2.84%	2.37%
Asset Growth	2.90%	0.30%
Number of Members	14,480	14,410

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is responsible for verifying the accounts of members, meeting the audit requirements specified in regulations, and making recommendations to the Board of Directors for improving operations within the Credit Union.

In that respect, the Committee engaged the CPA firm Wipfli LLP to conduct an independent compliance audit and a Supervisory Committee Guide audit which includes reviewing internal controls. Recommendations for improvements identified during the audits have been properly addressed by management.

The Committee also reviewed Credit Union procedures and internal controls throughout the year. The Committee believes controls are adequate, member accounts are accurate, and the Credit Union is being managed in a safe and sound manner.

Jack Hettwer

Chairman, Supervisory Committee

ABOUT BUILDING TRADES FEDERAL CREDIT UNION

VOLUNTEERS & MANAGEMENT

BOARD OF DIRECTORS

Al Gibney
Chairman

Jamie Hermansen
Vice Chairman

Frank Vento
Financial Secretary

Tim Bruhjell
Recording Secretary

Russ Scherber

Stan Theis

SUPERVISORY COMMITTEE

Jack Hettwer
Chairman

Tom Reger

Rick Gale

Rick Eilers

MANAGEMENT

Leesa Husak
President & CEO

Maureen Daehn
Vice President – Finance

Bill Daehn
Vice President – Business Development

Andrea Ferkingstad
Vice President – Marketing

Barb Klein
Branch Manager

Brad Benson
Mortgage Lending Manager

It makes financial sense to have your accounts and services at a place where there's strength in numbers.

When you do your banking at Building Trades Credit Union, you're a member of a financial cooperative that serves working people.

That means our members, who are union workers in the building, construction and finishing trades and their families, pool resources to help one another achieve financial goals.

It also means that we exist only to serve our members – not investors or shareholders. At BTCU, profits are returned to members as higher returns on savings and low interest loans.

Put simply, there's strength in numbers. And that translates into financial advantages for you.

For more information about us and all of our products and services, visit us online at www.buildingtradesCU.com or call one of our offices today!



Building Trades Credit Union

LOCATIONS

MAPLE GROVE

12080 73rd Avenue North
Maple Grove, MN 55369
Phone: 763.315.3888

INVER GROVE HEIGHTS

5300 South Robert Trail, Suite 100
Inver Grove Heights, MN 55077
Phone: 651.455.1333

SHOREVIEW

3353 North Rice Street
Shoreview, MN 55126
Phone: 651.486.9075

EDEN PRAIRIE

10340 Viking Drive, Suite 130
Eden Prairie, MN 55344
Phone: 952.746.0990

