



2017 Annual Report

build a better life with



YOUR

**Building Trades
Credit Union**

www.buildingtradesCU.com

A MESSAGE TO OUR MEMBERS

Your Credit Union continued on its path of growth and financial stability in 2017. In a year that finally brought increases to market interest rates, the Credit Union was still able to achieve 6.7% growth in our loan portfolio. And the continued strong trend in building trades employment helped boost our members' total deposits by 5.6%, topping \$120 million for the first time. This growth, combined with our emphasis on cost control, resulted in strong earnings for the year. Net income was \$720 thousand in 2017, a nearly 18% improvement from 2016.



Bill Daehn
President & CEO

Our members will benefit from the credit union's growth and improved earnings capacity. After a prolonged period of modest interest rates, we plan to steadily increase the rates we pay on members' share accounts throughout 2018.

Other key accomplishments in 2017 were:

- > We issued our new chip-enabled MasterCard debit and credit cards to enhance card transaction security.
- > We launched a new information portal on our website to make it easier for members to get answers to their product and service questions.
- > We launched a new checking account, called Reward Checking, which rewards members with a high interest rate when they utilize their debit card.
- > We introduced a new eSignature process to simplify the gathering of electronic signatures on member loan and account documents.
- > In December, we introduced a new Mobile Banking App, featuring an enhanced Mobile Deposit feature that does not require a separate login, making the app easier for our members to use.
- > We launched a new marketing and advertising campaign with a consistent and bold graphic design featuring our employees.

We continued our support for the union labor community through:

- our scholarship program which awarded \$10,000 to members in support of post-secondary education,
- donations to union locals in support of their events and charitable causes, and
- on-going support to Working Partnerships through our holiday fund drive, sponsorship of their fund-raising events, and through direct donations. This organization provides emergency financial assistance, food assistance, referrals, and advocacy for union families.

It is clear that continued technological innovation will be essential for meeting our members' needs. The banking marketplace is changing faster than ever before. The big banks, against whom we compete for our members' loyalty, will continue to invest in technology to improve their customer service. But you can be assured that your credit union will not fall behind in this battle to survive on the changing financial services landscape.

In 2018, we plan to:

- > Provide our mobile banking app users with additional options for login and authentication, including voice, face, and fingerprint or PIN code recognition. These options will enhance security and member convenience.
- > Introduce an enhanced online membership account tool which will simplify and automate much of the membership opening process, including automated processes for member identification, account opening and account funding.
- > Introduce a new online automated loan decisioning system to speed-up loan approvals for our most credit-worthy members.
- > And we'll explore new options to allow members to control the security of their debit and credit cards using a mobile phone app, and possible enhancements to our online Bill Pay and online credit card features.

Members today want the ability to interact with the credit union remotely. We are committed to continual advancement in our ability to meet those needs.

Bill Daehn, President & CEO

FINANCIAL REPORT

STATEMENT OF CONDITION

(Unaudited at December 31)

2017

2016

ASSETS

Cash & cash equivalents	\$ 6,445,364	\$ 6,855,951
Investments	42,548,359	40,925,961
Loans, net of allowance	79,177,367	74,329,733
Other assets	9,510,235	8,243,980
Total assets	<u>\$ 137,681,325</u>	<u>\$ 130,355,625</u>

LIABILITIES & NET WORTH

Members' shares	\$ 120,310,317	\$ 113,890,976
Dividends payable & other liabilities	1,132,462	844,352
Total net worth	<u>16,238,546</u>	<u>15,620,297</u>
Total liabilities & net worth	<u>\$ 137,681,325</u>	<u>\$ 130,355,625</u>

KEY STATISTICS

2017

2016

Share Growth	5.64%	2.57%
Loan Growth	6.76%	10.61%
Asset Growth	5.62%	2.48%
Number of Membership Accounts	16,823	17,193

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 Eide Bailly LLP to conduct an audit of the financial statements as of and for the year-ended June 30, 2017, and perform various internal audit and compliance procedures 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.

Dave Schutta, Chairman, Supervisory Committee

FINANCIAL REPORT

STATEMENT OF INCOME

(Unaudited for the year ended December 31)

2017

2016

INTEREST INCOME

Interest income on loans	\$ 3,677,021	\$ 3,365,359
Interest income on investments	828,948	706,749
Total interest income	\$ 4,505,969	\$ 4,072,108

Interest Expense

Net interest income	156,354	149,455
	\$ 4,349,615	\$ 3,922,653

Provision for Loan Losses

Net interest income after provision	349,500	134,333
	\$ 4,000,115	\$ 3,788,320

NON INTEREST INCOME

Fee income	\$ 636,825	\$ 666,107
Other income	1,022,637	959,844
Total non interest income	\$ 1,659,462	\$ 1,625,951

NON INTEREST EXPENSE

Salaries and benefits	\$ 2,282,066	\$ 2,280,702
Other operating expense	2,648,306	2,521,828
Total non interest expense	\$ 4,930,372	\$ 4,802,530
Net income before non operating income	\$ 729,205	\$ 611,741

NON OPERATING INCOME (EXPENSE)

Net non operating income (expense)	\$ (8,945)	\$ 0
Net income	\$ 720,260	\$ 611,741

KEY STATISTICS

2017

2016

Return on Average Assets	0.54%	0.48%
Net Capital/Assets	11.94%	12.06%
Loans/Shares	66.43%	65.73%
Loans Delinquent 60+ days/Loans	0.24%	0.12%



BTCU Mission:

To inspire, educate and support members of the building and construction trades community in achieving a lifetime of financial success.

ABOUT BUILDING TRADES CREDIT UNION

Everyone has their own definition of “The Good Life.” But nothing is more satisfying or more honorable than building things that last. Like roads and bridges. Stadiums and streets. Office towers and schools.

Our members use their brains and their brawn to help build a good life for the rest of us. That’s why we do our best to honor their contributions.

Our loyalty is to you, our members. Not to stockholders. But to those of you in the building and construction trades. Our people!

Whether you’re new to BTCU or have been with us for years, we encourage you to make the most of your membership and check out our better rates, personal service and creative solutions (if you hit a rough patch.)

So hey, stop reading and start using the tools we have to help you take better care of your family, your money and your future.

MANAGEMENT TEAM

Bill Daehn, President & CEO

Mark Kotzer, Chief Financial Officer

Andrea Ferkingstad, Vice President Marketing & Operations

Barb Klein, Vice President Compliance

Jay Stevens, Vice President Commercial Lending, Business & Union Services

Brad Benson, Mortgage Lending Manager

Kristie McCurdy, Consumer Lending Manager

Chantelle McClure, Member Services Manager

VOLUNTEERS

BOARD OF DIRECTORS

Russ Scherber, Chairman
Pipefitters Local 539

Tim Bruhjell, Recording Secretary
Spinkler Fitters Local 417

Rick Gale
Plumbers Local 34 JATC

Tom Reger
Cement Masons Local 633 JATC

Rick Eilers
Plumbers Local 15

Dave Schutta
Cement Masons Local 633

Joe Lane
Plumbers Local 15

SUPERVISORY COMMITTEE

Dave Schutta, Chairman
Cement Masons Local 633

Barry Davies
Ironworkers Local 512

Doug Schroeder
Bricklayers & Allied Craftworkers Local 1

Craig Peck
Painters & Allied Trades District Council 82



Building Trades Credit Union

www.buildingtradesCU.com

HOURS & LOCATIONS

MAPLE GROVE

12080 73rd Avenue North
Maple Grove, MN 55369

Lobby & Drive Up
Monday – Friday: 9am – 5pm

SHOREVIEW

3353 North Rice Street
Shoreview, MN 55126

Lobby & Drive Up
Monday – Friday: 9am – 5pm

BLOOMINGTON

9741 Lyndale Avenue South
Bloomington, MN 55420

Lobby
Monday – Friday: 9am – 5pm

CONTACT US

MEMBER SERVICE CENTER

Monday – Friday: 7am – 7pm
Saturdays: 7am – 4pm

763.315.3888
Toll-Free 1.800.496.2460

24/7 ACCESS

Visit us online at
www.buildingtradesCU.com
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