



Minnesota
Building Trades
Federal Credit Union

2008 Annual Report

BEING A MEMBER OF THE CREDIT UNION MEANS MORE THAN JUST ACCESS TO GREAT RATES.

It's about working together towards a common goal.

We are a *cooperative* – a financial institution whose 16,000 members pool resources to help one another achieve financial goals. This means the money you borrow is money others deposited. It also means that *we exist only to serve our members – not shareholders or investors*. We are a *not-for-profit*, democratically controlled entity dedicated to the financial well-being of our members.

It's about the importance of the individual as part of the group.

All members are treated equally. Everyone has access to the same rates and services, regardless of how much each has deposited. Members also have equal opportunity for participation in setting policies and making decisions by electing a volunteer board of directors from the membership on the basis of one member, one vote. This board represents all members of the group when making decisions.

It's about staying true to your roots.

Our name says a lot. *We exist exclusively to serve union workers in the building and construction trades*. Not every member may be a union worker, but they were at one time or are a relative of someone who is now. This makes us uniquely qualified to help. We truly understand our members. From the products we develop to the services we offer, it's all designed with union workers and their families in mind. We're even a union shop.

It's about what's best for the members.

Low-interest loans and higher-interest savings do matter. But it's also important to understand that it's our focus on members, not maximizing profits, that allows us to have the highly competitive rate and fee structure that saves members money. *And that's for every single member.*

A MESSAGE TO OUR MEMBERS

It is my honor to serve our members as Chairman of the Board of Minnesota Building Trades Federal Credit Union. As your Chairman, it is my goal to see that the Credit Union continues to evolve to meet the ever changing financial needs of our members and to raise awareness about the benefits of membership to even more union workers in the building and construction trades. To this end, I encourage you to share with us your perspectives, ideas and thoughts on how the Credit Union can best serve your interests.

I thank management and all the staff for their hard work and dedication in 2008. It was not an easy year for our industry. Our accomplishments are a testament to their efforts in a challenging economic environment.

I also extend a special thank you to every one of our 16,000 members. The trust you have placed in us has been vital to our ongoing success.

Peter Budge
Chairman, Board of Directors

I would like to echo the sentiments expressed by our Chairman in thanking all those individuals whose collective efforts resulted in a solid performance for the Credit Union in 2008. This was no easy feat in a year marked by disarray in the mortgage market and a deteriorating economic outlook.

Of course, our success ultimately traces back to one group – our members. We are pleased that time and time again the men and women in the building and construction trades turn to us for the financial services they know they can trust and the personal service they deserve.

Our ongoing commitment to members took shape in various ways during 2008:

- > We continued our efforts to provide assistance to members facing financial hardship. Our services offered renegotiation of payment terms, penalty-free payments from share certificates, low-rate secured loans, help in repairing credit and debt consolidation assistance. We also encouraged members to meet one-on-one with branch managers to work out a plan to help endure a short-term financial crunch.
- > We provided education and training to more than 1,000 union apprentices on the benefits of Credit Union membership, the importance of regular savings, and responsible use of credit.
- > We introduced a Visa® Platinum Business Card which provides convenient payment methods that are popular with union business managers and small business owners.

- > We partnered with one of our largest unions – Operating Engineers Local 49 – to introduce a co-branded Visa® Gold Card to provide their members with credit services at a lower cost and with a wide array of popular rewards to choose from.
- > We solidified our offerings to provide a complete range of home loans that members can afford and hired a dedicated mortgage loan expert to facilitate that process.
- > We launched a new Apprenticeship Loan Program to help make training more affordable for union apprentices in the building and construction trades.
- > We prepared for a new Online Banking system upgrade to take place in 2009 which will make the site even easier to use and provide members with more options for managing their accounts.
- > We hired a new marketing director to help us better understand and more efficiently communicate with our growing membership.
- > Once again, we granted ten \$1,000 scholarships to members continuing their post-secondary education and training.

In addition, the Credit Union remains a financially strong and well capitalized institution. Our prudent lending and investing practices, careful management of operations and maintenance of adequate capital and reserves helped facilitate our growth in 2008.

Our financial results reflect that steady progress:

- > Our total assets grew to \$109.3 million, a 7.2% increase over 2007.
- > Members increased their savings last year, and total shares grew by \$6.4 million, an increase of 7%. We ended the year with \$96.7 million in total share balances.
- > The quality of our loan portfolio remains very good. We granted 1,000 new loans to our members, totaling \$30 million. Net charge-offs were just 0.29% of average loans, and delinquent loans were 0.61% of total outstanding loans. Both of these measures are significantly better than those of our peer credit unions.

As we move forward to embrace opportunities and meet the challenges of 2009, we would like to express our sincerest thanks to every union worker and union local for supporting the Credit Union. We remain steadfast in our commitment to anticipating and meeting the financial needs of our members, as well as making a positive difference in their lives, both today and tomorrow.

Leesa Husak
President & CEO

FINANCIAL REPORT

Unaudited

Statement of Condition at December 31

	2008	2007
ASSETS		
Cash & cash equivalents	\$ 2,318,641	\$ 3,504,281
Investments	34,257,824	22,302,673
Loans, net	67,574,440	70,871,540
Other assets	5,170,218	5,300,091
Total assets	\$ 109,321,123	\$ 101,978,585
LIABILITIES AND MEMBERS' EQUITY		
Members' shares	\$ 96,654,345	\$ 90,292,311
Dividends payable & other liabilities	234,116	167,879
Total equity	12,432,662	11,518,395
Liabilities and members' equity	\$ 109,321,123	\$ 101,978,585

Statement of Income for the Year Ended December 31

	2008	2007
INTEREST INCOME		
Interest income on loans	\$ 4,542,831	\$ 4,659,050
Interest income on investments	1,243,993	1,224,219
Total interest income	\$ 5,786,824	\$ 5,883,269
Dividend Expense		
Net interest income	1,898,884	2,315,911
Provision for Loan Losses	222,100	182,400
Net interest income after provision for loan losses	\$ 3,665,840	\$ 3,384,958
NONINTEREST INCOME		
Fee income	\$ 390,200	\$ 371,803
Other income	700,185	523,463
Total noninterest income	\$ 1,090,385	\$ 895,266
NONINTEREST EXPENSE		
Salaries and benefits	\$ 1,734,551	\$ 1,509,079
Other operating expense	2,107,407	1,811,243
Total noninterest expense	\$ 3,841,958	\$ 3,320,322
Net income	\$ 914,267	\$ 959,902

KEY STATISTICS

	2008	2007
Return on Assets	0.85%	0.95%
Net Capital/Assets	11.37%	11.29%
Net Operating Exp/ Average Assets	2.78%	2.46%
Loans/Shares	70.26%	78.81%
Net Charge-offs/ Average Loans	0.29%	0.22%
Loans Delinquent 60+ Days/Total Loans	0.61%	0.15%
Share Growth	7.01%	2.26%
Loan Growth	-4.60%	-1.02%
Asset Growth	7.20%	3.05%
Number of Members	15,985	15,550

SUPERVISORY COMMITTEE REPORT

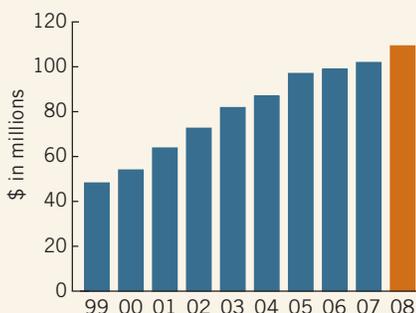
The Supervisory Committee is responsible for verifying the accounts of the members, meeting audit requirements specified in regulations and making recommendations to the Board of Directors for improving operations within the Credit Union.

In that respect, the Committee engaged CPA firm WIPFLi LLP to conduct an independent audit. They issued an unqualified opinion on the Credit Union's financial statements for the fiscal years ended June 30, 2007 and 2008. A copy of the audited financial statements is available by request.

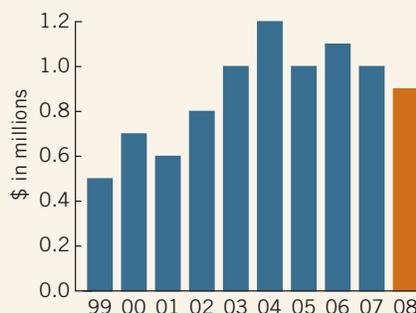
The Committee also reviewed numerous Credit Union procedures and internal controls throughout the year. The Committee believes that the controls are adequate, member accounts are accurate and the Credit Union is managed in a safe and sound manner.

Frank Vento
Chairman, Supervisory Committee

Total Assets (at December 31)



Net Income



ABOUT MINNESOTA BUILDING TRADES FEDERAL CREDIT UNION

VOLUNTEERS AND MANAGEMENT

BOARD OF DIRECTORS

Peter Budge,
Chairman

Allan Gibney,
Vice Chairman

Kenneth Barrett,
Financial Secretary

Tim Bruhjell,
Recording Secretary

Robert Hansen

Mike Hawthorne

Jamie Hermansen

Russ Scherber

Dan Soltis

SUPERVISORY COMMITTEE

Frank Vento,
Chairman

Jack Hettwer

Devin Hall

Harry Melander

Stan Theis

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

Kim Schroeder,
Branch Manager

Brad Benson,
Mortgage Lending Manager

Minnesota Building Trades Federal Credit Union, a not-for-profit financial cooperative, has served the brothers and sisters in the building and construction trades and their families since 1957.

With \$109 million in assets, the Credit Union operates four offices located in Maple Grove, Shoreview, Inver Grove Heights and Eden Prairie. Information is available at www.mbtfcu.com.



Minnesota
Building Trades
Federal Credit Union

LOCATIONS

MAPLE GROVE

12080 73rd Avenue North
Maple Grove, MN 55369
Phone: 763.315.3888
Fax: 763.315.3826

INVER GROVE HEIGHTS

5300 S. Robert Trail, Suite 100
Inver Grove Heights, MN 55077
Phone: 651.455.1333
Fax: 651.457.4719

SHOREVIEW

3353 North Rice Street
Shoreview, MN 55126
Phone: 651.486.9075
Fax: 651.486.9072

EDEN PRAIRIE

10340 Viking Drive, Suite 130
Eden Prairie, MN 55344
Phone: 952.746.0990
Fax: 952.746.5471

