

A large white outline of a diamond shape is centered on the page. Inside the diamond, the text "80 YEARS of success" is written in white, with "80 YEARS" in a larger font size than "of success". Below this, "2018 ANNUAL REPORT" is written in a smaller font. A thick blue checkmark is positioned at the bottom of the diamond, pointing upwards. The background is dark blue with white geometric lines forming a grid pattern at the top and bottom.

80 YEARS

of success

2018 ANNUAL REPORT

 KOHLER  
CREDIT UNION



# 80 YEARS...

A Letter to Our Members

2018 marked our 80th year of experience in building relationships, strengthening communities and fulfilling dreams.

For 80 years, we've helped our members manage the uncertainty of life, developed a culture of social mindfulness and empowered our employees to positively impact the lives of others.

We made tremendous strides last year in strengthening our presence in current markets and in building a solid foundation for continued growth. Our financial performance was markedly strong, which gives us confidence that our vision and strategies are embraced by our members, who remain loyal supporters of Kohler Credit Union.

We are extremely proud of the progress we have achieved, but we remain mindful that member expectations are never static and interests continually change. Our members challenge us to continually evolve as an organization and maintain a cycle of improvement. It takes a combination of many things to stay relevant, but high standards and meeting the needs of our members are integral to success.

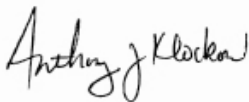
## Notable areas of progress made in 2018 include:

- ◆ Opened two branch locations. In an effort to widen our membership base and enhance our financial literacy efforts we opened a branch within the West Bend Meijer and Homestead High School. Both have increased our visibility and awareness, and will provide future growth opportunities.
- ◆ Prepared for two future facilities. To assist with the heavy foot traffic at our Taylor Drive branch, we will be opening a branch within the Sheboygan Meijer

in spring 2019. This will ease the flow of members to our Taylor Drive branch and provide an opportunity to reach new members. Additionally, preparations were initiated for a new corporate headquarters. The new contemporary facility will help to retain and attract new employees and increase efficiencies by housing all administrative and back office personnel. This facility will be located just up the road from our current Kohler location and we will maintain our Kohler Branch.

- ◆ Initiated an enhanced digital banking conversion. Our quest for high standards propelled us to evaluate our digital banking platform and begin the process to convert our digital offering to a system that will provide more flexibility, easier access to accounts and additional functionality.
- ◆ Increased community outreach. With a resource dedicated solely to supporting philanthropic and financial literacy efforts, we were able to increase our impact in the communities we serve. We reached 5500 students through classroom presentations and reality fairs, and another 1100 students through our sponsorship of Banzai financial literacy materials used by area teachers. The credit union continued to support great causes like Toys for Tots, Love Bowls, Back 2 School Basics, and Children's Miracle Network, but also expanded our community participation to events and organizations such as the Adult Literacy Center of Grafton, Manitowoc County Justice Point Program, West Bend High School, West Bend Downtown Association, Lakeland University and more. Additionally, our socially-minded employees continue to volunteer thousands of hours in the pursuit of creating vibrant neighborhoods and strong communities.
- ◆ Developed more robust employee training opportunities. We equip our employees for the future by developing the skills they need to perform and prosper. With supplemental web-based training, enhanced new employee onboarding, management foundations workshops, and conferences, we are committed to creating a work place environment that fosters personal development and professional growth.

The credit for this progress is deserved by many. Our strong momentum is propelled by our 129 employees who are dedicated to improving our members' quality of life. It's through their dedication to our mission that supports Kohler Credit Union's ability to thrive not only today, but for years to come. We will continue to work to earn your trust, contribute to your livelihood and safeguard your security. 80 years of experience has prepared your credit union for this responsibility.



Anthony J. Klockow  
President/CEO



Christopher M. Lacey  
Board of Directors, Chairman

# Yearly Comparisons



Membership

2017  
**39,345**

2018  
**41,236**



Total  
New Loans

2017  
**\$169,695,000**

2018  
**\$175,920,000**



Checking  
Accounts

2017  
**25,135**

2018  
**26,006**



Active Online  
Banking Users

2017  
**15,616**

2018  
**16,423**







Mobile  
Banking Users

2017  
**8,761**

2018  
**11,278**

# Statements of Financial Condition

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b> ASSETS</b>		
Cash and Cash Equivalents .....	\$ 26,469,924	\$ 15,416,870
Securities - Available-for-Sale .....	2,067,320	3,085,298
Other Investments .....	2,880,450	2,849,726
Loans Held-for-Sale .....	1,037,122	1,491,763
Loans, Net .....	351,004,239	312,523,603
Accrued Interest Receivable .....	740,604	818,971
Premises and Equipment, Net.....	14,049,211	13,269,206
NCUSIF (National Credit Union Share Insurance Fund) Deposit.....	3,438,216	3,105,441
Post Retirement Pension Assets .....	1,995,337	2,541,091
Corporate Life Insurance .....	6,373,456	6,231,038
Other Assets .....	764,766	888,129
Total Assets.....	<u>\$ 410,820,645</u>	<u>\$ 362,221,136</u>
<b> LIABILITIES AND MEMBERS' EQUITY</b>		
<b> LIABILITIES</b>		
Members' Share and Savings Accounts .....	\$ 373,129,460	\$ 327,048,430
Accrued Expenses and Other Liabilities.....	3,673,205	3,227,023
Total Liabilities.....	376,802,665	330,275,453
<b> MEMBERS' EQUITY</b>		
Regular Reserves .....	4,449,571	4,449,571
Undivided Earnings .....	31,992,285	28,761,127
Accumulated Other Comprehensive Loss.....	(2,593,188)	(1,434,327)
Acquired Equity.....	169,312	169,312
Total Members' Equity.....	<u>34,017,980</u>	<u>31,945,683</u>
Total Liabilities and Members' Equity.....	<u>\$ 410,820,645</u>	<u>\$ 362,221,136</u>

We hereby state that the information provided here, to the best of our knowledge and belief, is true and fairly presents the financial position and results of operations for the period covered. - Chris Lacey, Chairman / Brian Post, Treasurer / Anthony J. Klockow, President

# Statements of Income

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>INTEREST INCOME</b>		
Loans .....	\$ 12,614,865	\$ 11,415,439
Securities, Interest Bearing Deposits and Cash Equivalents .....	551,398	326,067
Total Interest Income .....	<u>13,166,263</u>	<u>11,741,506</u>
<b>INTEREST EXPENSE</b>		
Members' Share and Savings Accounts .....	1,234,139	377,377
Borrowed Funds .....	-	1,785
Total Interest Expense .....	<u>1,234,139</u>	<u>379,162</u>
Net Interest Income .....	11,932,124	11,362,344
<b>PROVISION FOR LOAN LOSSES</b> .....	<u>157,649</u>	<u>281,533</u>
Net Interest Income After Provision for Loan Losses .....	11,774,475	11,080,811
<b>NONINTEREST INCOME</b>		
Service Charges and Fees .....	2,337,462	2,276,897
Other Noninterest Income .....	<u>3,998,387</u>	<u>3,845,407</u>
Total Noninterest Income .....	6,335,849	6,122,304
<b>NONINTEREST EXPENSE</b>		
General and Administrative:		
Employee Compensation and Benefits .....	7,568,133	7,509,105
Office Occupancy and Operations .....	5,736,786	5,104,783
Other Operating Expenses .....	1,574,204	1,743,071
Net Loss on Sale of Assets .....	<u>43</u>	-
Total NonInterest Expense .....	<u>14,879,166</u>	<u>14,356,959</u>
<b>NET INCOME</b> .....	<u>\$ 3,231,158</u>	<u>\$ 2,846,156</u>

We hereby state that the information provided here, to the best of our knowledge and belief, is true and fairly presents the financial position and results of operations for the period covered. - Chris Lacey, Chairman / Brian Post, Treasurer / Anthony J. Klockow, President



## Mission and Values

# OUR MISSION

Building Relationships,  
Strengthening Communities,  
Fulfilling Dreams.

# OUR VALUES

## Members

We embrace the credit union cooperative spirit by delivering a broad range of superior and affordable financial services that meet the needs of our diverse membership.

## Community

We support activities that benefit and enrich the communities we serve.

## Employees

We encourage individual initiative, promote professional growth and provide opportunities to make a real difference.

## Integrity

We practice open and honest communication and treat people with dignity and respect.

## Website

[kohlercu.com](http://kohlercu.com)

## Phone Numbers

Toll-Free

**888.528.2595**

Sheboygan County

**920.459.2595**

Mortgage & Financial Services

**920.451.2244**

Ozaukee and Washington County

**262.375.2675**

## Branch Locations

**Kohler** (Corporate Office):  
850 Woodlake Road

**Grafton**: 2550 Washington Street

**Howards Grove**: 724 Madison Avenue

**Mequon**: 11357 N. Port Washington Road

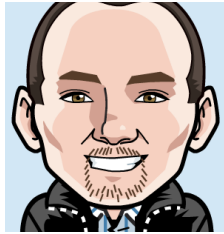
**Plymouth**: 2303 Eastern Avenue

**Sauville**: 840 E. Green Bay Avenue

**Sheboygan - Mortgage & Financial Services**: 905 S. Taylor Drive

**Sheboygan**: 831 S. Taylor Drive

**West Bend** (Located within Meijer):  
2180 S. Main Street



**Anthony J. Klockow**  
President /  
Chief Executive Officer



**John Ehmann**  
Sr. Vice President /  
Chief Financial Officer



**Rich Larson**  
Sr. Vice President /  
Chief Financial Officer



**Amy Grinna**  
Sr. Vice President /  
Chief Information Officer



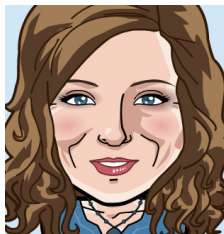
**Dale Livingston**  
Sr. Vice President /  
Lending



**Laura Gabrielse**  
Sr. Vice President /  
Communications &  
Community Development



**Sue Vandermeuse**  
Vice President / Internal  
Audit & Compliance



**Melissa Doebert**  
Vice President /  
Human Resources



**Mark Huehns**  
Director of Information  
Systems & Technology

# Corporate Information