

2022 Annual Report



Letter to our Members

The annual report provides the opportunity to pause and reflect on the accomplishments of your credit union and how we have positively impacted the lives of our members and our community.

Those accomplishments are not without a sincere desire by our employees to embrace our mission and values. Kohler Credit Union has built a strong culture...a strong team of individuals that endured a pandemic and now can happily concentrate on serving our members as the pendulum slides back to normalcy.

With stability returning within the realm of day-to-day operations, we took 2022 to focus on addressing branch/building needs and strengthening our technological infrastructure.

Replaced Drive Thru Equipment

Installed new equipment at the Plymouth and Saukville locations providing more efficient service to our members through updated technology.

Remodeled Lobbies

A complete overhaul of the Sheboygan-Taylor Drive Branch affording members an enhanced member experience, with smaller remodel projects at the Kohler and Plymouth locations bringing a much-needed facelift to our oldest branches.

Preparation for a Technology Upgrade

Dedicated countless hours to a significant upgrade occurring in 2023 that will allow KCU to continue to provide progressive financial solutions.



Additionally, we introduced a new **home equity line of credit** to help our members with home improvements, consolidate debt, send a child to college, or any other major expenditure, and provided a new communication channel, **Secure Chat**, giving members more flexibility and convenience when contacting us.

2022 saw a return to pre-pandemic times in terms of **community engagement**. New last year was a reality day hosted by KCU with John Long Middle School in Grafton. We also concluded a year long sponsorship and volunteer partnership with Oostburg Middle School and Junior Achievement. KCU team members increased their volunteering hours in the community by 10% over 2021, totaling 664 hours. With scams and fraud on the rise, KCU began to tackle awareness through a series of well attended presentations at both the Port Washington and West Bend libraries. We look forward to expanding our programming throughout our charter and membership in 2023.

These are only a small fraction of our accomplishments to highlight our commitment to making your experience with us exceptional.



We are perpetually assessing the needs of our members to ensure we have the solutions to support their financial journey.

Thank you for your continued loyalty to Kohler Credit Union.

Anthony J. Klockow

Christopher M. Lacey



Our Mission and Values

Building relationships, strengthening communities, fulfilling dreams.

Community

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

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.

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.

Yearly Comparisons

| | | |
|-------------------------------------------|------|-------------|
| Membership | 2022 | 43,226 |
| | 2021 | 42,730 |
| Checking Accounts | 2022 | 28,858 |
| | 2021 | 28,363 |
| Digital Banking Users | 2022 | 32,107 |
| | 2021 | 30,983 |
| Consumer Loans Outstanding | 2022 | 216,408,868 |
| | 2021 | 195,729,907 |
| Residential Real Estate Loans Outstanding | 2022 | 215,240,637 |
| | 2021 | 175,209,477 |
| Total Loans Outstanding | 2022 | 459,783,292 |
| | 2021 | 397,120,967 |

2022 Financials

Statements of Financial Condition

December 31, 2022 and 2021

| | 2022 | 2021 |
|-------------------------------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$7,666,720 | \$71,299,565 |
| Securities - Available-for-Sale | 52,606,968 | 50,799,385 |
| Other Investments | 2,884,690 | 2,873,790 |
| Loans Held-for-Sale | 236,754 | 2,700,710 |
| Loans, Net | 460,228,051 | 397,677,716 |
| Accrued Interest Receivable | 1,042,199 | 939,033 |
| Premises and Equipment, Net | 28,015,398 | 27,034,345 |
| Right of Use Asset | 1,950,073 | - |
| NCUSIF (National Credit Union Share Insurance Fund) Deposit | 5,297,962 | 5,069,257 |
| Defined Benefit Pension Plan Assets | 7,886,792 | 3,921,635 |
| Corporate Life Insurance | 6,897,623 | 6,777,703 |
| Other Assets | 1,563,476 | 1,297,674 |
| Total Assets | <u>\$576,276,706</u> | <u>\$570,390,813</u> |
| LIABILITIES AND MEMBERS' EQUITY | | |
| LIABILITIES | | |
| Members' Share and Savings Accounts | \$529,395,319 | \$523,668,077 |
| Accrued Expenses and Other Liabilities | 5,947,113 | 3,870,462 |
| Total Liabilities | <u>535,342,432</u> | <u>527,538,539</u> |
| MEMBERS' EQUITY | | |
| Undivided Earnings | 47,912,155 | 45,069,491 |
| Accumulated Other Comprehensive Loss | (7,147,193) | (2,386,529) |
| Acquired Equity | 169,312 | 169,312 |
| Total Members' Equity | <u>40,934,274</u> | <u>42,852,274</u> |
| Total Liabilities and Members' Equity | <u>\$576,276,706</u> | <u>\$570,390,813</u> |

2022 Financials

Statements of Income

December 31, 2022 and 2021

| | 2022 | 2021 |
|-------------------------------------------------------------|--------------------|--------------------|
| INTEREST INCOME | | |
| Loans | \$14,141,200 | \$13,613,651 |
| Securities, Interest-Bearing Deposits, and Cash Equivalents | 1,047,945 | 460,500 |
| Total Interest Income | <u>15,189,145</u> | <u>14,074,151</u> |
| INTEREST EXPENSE | | |
| Members' Share and Savings Accounts | 641,353 | 881,710 |
| Borrowed Funds | 9,236 | 40 |
| Total Interest Expense | <u>650,589</u> | <u>881,750</u> |
| Net Interest Income | 14,538,556 | 13,192,401 |
| PROVISION FOR LOAN LOSSES | <u>81,598</u> | <u>175,000</u> |
| Net Interest Income After Provision for Loan Losses | 14,456,958 | 13,017,401 |
| NONINTEREST INCOME | | |
| Service Charges and Fees | 2,244,730 | 2,068,644 |
| Other Noninterest Income | 5,303,895 | 5,802,602 |
| Total Noninterest Income | <u>7,548,625</u> | <u>7,871,246</u> |
| NONINTEREST EXPENSE | | |
| General and Administrative: | | |
| Employee Compensation and Benefits | 9,856,049 | 8,792,546 |
| Office Occupancy and Operations | 7,237,264 | 7,108,908 |
| Other Operating Expenses | 2,046,990 | 1,779,689 |
| Net Loss on Sale of Assets | 22,616 | 2,421 |
| Total Noninterest Expense | <u>19,162,919</u> | <u>17,683,564</u> |
| NET INCOME | <u>\$2,842,664</u> | <u>\$3,205,083</u> |

Leadership and Governance

Board of Directors

Our Board of Directors is a collaborative team of individuals characterized by focus, financial innovation and a true desire to positively impact our members' livelihood. As they help guide the operational direction and fiscal framework of the credit union, they also calculate the depth and breadth of economic and social trends that may impact the way we do business. Their combination of volunteerism plus a dedication to the credit union movement helps drive our mission and values.

Chris Lacey
Chair

Todd Ullman
Vice Chair

Dan Gruenloh
Treasurer

Jessica Entringer Leikip
Secretary

Brian Post
Director

Laurie Lindow
Director

Steven Gerner
Director

Joe Virant
Director

Kim DeSombre-Long
Director

Executive Leadership



Tony Klockow
President /
Chief Executive Officer



Amy Grinna
Executive Vice President



Greg Daniels
Chief Financial Officer



Matthew Fehrmann
Chief Information Officer



Joseph Miller
Chief Lending Officer



Melissa Doebert
Senior Vice President of
Talent and Culture



Laura Gabrielse
Senior Vice President of
Member Experiences



Deniss Makejenko
Senior Vice President of
Branch Operations



Sue Vandermeuse
Senior Vice President
Audit and Assurance



Jennifer Foote
Vice President of
Compliance

Corporate Information

Corporate Center

5727 Superior Avenue, Sheboygan, WI 53083

Branch Locations

Kohler

850 Woodlake Road

Grafton

2550 Washington Street

Howards Grove

724 Madison Avenue

Manitowoc (Located within Meijer)

1818 S. Rapids Road

Mequon

11357 N. Port Washington Road

Plymouth

2303 Eastern Avenue

Saukville

840 E. Green Bay Avenue

Sheboygan

831 S. Taylor Drive

Sheboygan (Located within Meijer)

924 N. Taylor Drive

West Bend (Located within Meijer)

2180 S. Main Street