



FOUNDATION OF
STRENGTH

| 2019 ANNUAL REPORT

LETTER TO OUR MEMBERS

The foundation and strength of your credit union comes from our steadfast focus on our mission... to build relationships, strengthen communities and fulfill dreams. Unwavering dedication to this mission guides our strategies and decision making, and sets us on a path to positively impact and enrich the lives of our members.

As we look back on 2019, it's with a sense of pride. The results highlight how success will follow when we implement initiatives that focus on our members, employees and the community. Some of those initiatives include the following: digital banking conversion, new prize-linked savings account, additional branch location, and corporate center construction.

Additionally, we remain committed to initiatives that support our community and outreach programs. Volunteering thousands of hours every year, our employees are dedicated community servants that rally around the needs of our neighbors. We hire like-minded individuals who have a passion for helping and serving others.

This provides just a glimpse into how your credit union is making a difference in the lives of our members and the communities we serve. Rest assured that we will continue down a path focused on our members' needs and guided by the deep-rooted principles that has been our foundation for over 80 years.

Anthony J. Klockow
President/CEO

Christopher M. Lacey
Board of Directors, Chairman



Digital banking conversion

We upgraded our digital banking offering to provide improved functionality, additional features and a more convenient way for members to manage their finances.



Prize linked savings account

To support our ongoing efforts to provide products that help our members achieve their financial goals, we introduced Savers Sweepstakes. This savings-based account helps build strong saving behavior while also providing the opportunity to be entered into drawings for cash prizes.



New branch location

A full-service branch, with extended hours and an ATM, opened within Sheboygan Meijer. The branch provides additional support to our significant membership base in Sheboygan and helps alleviate the traffic to our busy Taylor Drive branch.



Corporate Center construction

Opening in the summer of 2020, our new corporate center will help improve communication, collaboration and productivity on the administrative side of our organization resulting in a more seamless experience for our growing membership. It will also help to position Kohler Credit Union as an employer of choice by providing a state-of-the-art facility to help attract top talent.



Unwavering dedication to this mission guides our strategies and decision making...

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.

BOARD OF DIRECTORS

Our Board of Directors is an innovative team of leaders positioned to support and enhance advancements that positively affect our members and our business. They pool their strengths, experience and ingenuity to expertly navigate the varied and competitive environment of the financial, economic and social trends that set our fiscal direction. Their combination of volunteerism plus a dedication to the credit union movement puts us in the hands of great leadership.

Chris Lacey – Chair

Todd Ullman - Vice Chair

Brian Post - Treasurer

Deniss Makejenko - Secretary

Dan Gruenloh - Director

Laurie Lindow - Director

Rhonda Lutzke - Director

Joe Virant - Director

Steven Gerner - Director



YEARLY COMPARISONS

+2.43%

Membership

2019
42,237

2018
41,236

-4.73%

Total Loans Originated

2019
\$167,597,000

2018
\$175,920,000

+2.85%

Checking Accounts

2019
26,746

2018
26,006

+11.8%

Active Digital Banking Users

2019
18,357

2018
16,423

STATEMENTS OF FINANCIAL CONDITION

December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 23,445,195	\$ 26,469,924
Securities - Available-for-Sale	6,871,205	2,067,320
Other Investments	2,828,490	2,880,450
Loans Held-for-Sale	1,116,101	1,037,122
Loans, Net	361,247,427	351,005,575
Accrued Interest Receivable	796,384	729,904
Premises and Equipment, Net	19,255,195	14,049,211
NCUSIF (National Credit Union Share Insurance Fund) Deposit	3,827,232	3,438,216
Defined Benefit Pension Plan Assets	2,161,556	1,995,337
Corporate Life Insurance	6,515,751	6,373,456
Other Assets	1,012,779	774,130
Total Assets	<u>\$ 429,077,315</u>	<u>\$ 410,820,645</u>
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' Share and Savings Accounts	\$ 388,589,992	\$ 373,129,460
Accrued Expenses and Other Liabilities	2,915,518	3,673,205
Total Liabilities	391,505,510	376,802,665
MEMBERS' EQUITY		
Regular Reserves	4,449,571	4,449,571
Undivided Earnings	34,949,089	31,992,285
Accumulated Other Comprehensive Loss	(1,996,167)	(2,593,188)
Acquired Equity	169,312	169,312
Total Members' Equity	37,571,805	34,017,980
Total Liabilities and Members' Equity	<u>\$ 429,077,315</u>	<u>\$ 410,820,645</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, 2019 and 2018

	2019	2018
INTEREST INCOME		
Loans	\$ 13,802,984	\$ 12,614,865
Securities, Interest Bearing Deposits and Cash Equivalents	913,351	551,398
Total Interest Income	14,716,335	13,166,263
INTEREST EXPENSE		
Members' Share and Savings Accounts	2,055,972	1,234,139
Borrowed Funds	92	-
Total Interest Expense	2,056,064	1,234,139
Net Interest Income	12,660,271	11,932,124
PROVISION FOR LOAN LOSSES	282,534	157,649
Net Interest Income After Provision for Loan Losses	12,377,737	11,774,475
NONINTEREST INCOME		
Service Charges and Fees	2,383,858	2,337,462
Other Noninterest Income	4,597,615	4,216,581
Total Noninterest Income	6,981,473	6,554,043
NONINTEREST EXPENSE		
General and Administrative:		
Employee Compensation and Benefits	8,644,204	7,568,133
Office Occupancy and Operations	5,910,523	5,736,839
Other Operating Expenses	1,866,739	1,792,345
Net (Gain) Loss on Sale of Assets	(19,060)	43
Total Noninterest Expense	16,402,406	15,097,360
NET INCOME	<u>\$ 2,956,804</u>	<u>\$ 3,231,158</u>

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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



Laura Gabrielse
Sr. Vice President /
Communications &
Community Development



Dale Livingston
Sr. Vice President /
Lending



Sue Vandermeuse
Vice President /
Internal Audit &
Compliance



Melissa Doebert
Vice President /
Human Resources



Mark Huehns
Director / Information
Systems & Technology



Jenni Rands
Director / Branch
Operations



David Dedrick
Director / Business
Services



CORPORATE INFORMATION

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

Saukville: 840 E. Green Bay Avenue

Sheboygan: 831 S. Taylor Drive

Sheboygan (Located within Meijer):
924 S. Taylor Drive

Sheboygan Financial Center:
905 S. Taylor Drive

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

Website

kohlercu.com

Phone Numbers

Toll-Free
888.528.2595

Sheboygan County
920.459.2595

Ozaukee and Washington County
262.375.2675