

-Shoreline-HOMETOHN

CREDIT UNION

2019 ANNUAL REPORT HOMETOWN VALUES. HOMETOWN REWARDS.

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My favorite memory of 2019 was winning the Corporate Central flag football tournament, after not winning a game the year before!

#HometownCulture

OUR CORE VALUES





INVESTING IN A "HOMETOWN FUTURE."

We're making the right choices to stay local!

Shoreline Hometown Credit Union has spent the past four years making organization-wide changes to ensure we live up to our Hometown brand. Local leadership and community support has been a vital component of our existence and purpose. After 80 years of many credit unions being headquartered here in Manitowoc County, we are proud to stand as one of the last two local credit unions who have not merged into another credit union. Shoreline has had its struggles over the years, but we have emerged stronger with each challenge!

With that said, this year has been largely pivotal in our efforts to stay local. The sale of Memorial Drive has completed our consolidation efforts in Two Rivers and moving our corporate offices to the basement at our Manitowoc location has allowed us to reduce expenses by expanding our rental income from the Manitowoc location. We are also embarking on a **digital banking platform expansion** to increase our ability to serve underbanked and non-branched communities.

Due to a large write-down on the Memorial Drive property in 2019, we are showing a loss this year. However, when excluding one-time accounting adjustments, the credit union was profitable in 11 of the 12 months of the year. Leadership made the decision to sell the Memorial Drive property at a favorable price due to the new owner's intent of reinvesting the funds back into the community. We are a strong credit union, who is in the financial position to absorb the loss to ensure the property would provide long-term benefits to Two Rivers. With the former branch sold, we can return savings to our members by offering lower loan rates.

MORE CONVENIENCE FOR OUR MEMBERS.

You don't ever need to step into a branch!

We continue to provide new services to make life more convenient for our members. We've introduced deposit-accepting ATMs at both of our locations to make it easier for our members to perform routine transactions quickly and efficiently 24/7. Now members can drive-up, make a deposit or withdraw cash without waiting. If you hate to wait, make sure you try out our new ATMs!

Shoreline is also pleased to announce CAR-TASTIC[™], your one-stop auto shop. CAR-TASTIC is the most effective way to save time, money, and stress while you search for your next vehicle. Over 15,000 Dealer Partners share their inventory with CAR-TASTIC — giving you plenty of choices. You can search, compare vehicles plus access CarFax[®] reports, request a quote, apply for a loan and get pre-approved online, and access a Kelley Blue Book Price Advisor Tool.

Total mobile and online access means you never have to step into a Shoreline branch again. If you love convenience, download our mobile app. Between our mobile app and online banking, we have everything you need in our "digital credit union" including the ability to:

- View account balances and details for savings, checking, certificates, loans, and credit cards.
- Open a new Shoreline deposit account.
- Apply for a loan.
- View funds on hold for savings and checking.
- View eStatements.
- View pending ACH transactions.
- View e-Alerts and other messages including e-Statements.
- Perform instant transfers between accounts (as allowed in *It's Me 247* Standard Online Banking).
- Pay bills from your mobile device including Bill Pay to family, friend or neighbor — no checks needed!
- **Mobile Check Deposit** allows you to quickly deposit checks using your Smartphone camera.

Need to talk to someone quickly? Try out our Web Chat feature on ShorelineCU.org. No more waiting. We can help you online by answering your questions quickly or by directing you to one of our experts.



GOOD THINGS FROM GOOD PEOPLE!

Our employees serve the community. We are truly local and care about what goes on in Manitowoc County. Shoreline Hometown Credit Union continues to support our community every year. It's always a team effort, with many of our employees serving on many non-profit boards such as the Salvation Army, Kiwanis of Manitowoc, Noon Rotary, and the Two Rivers Business Association — just to name a few. Our employees enthusiastically step up to help out and spread Shoreline's Hometown Values.We have hosted numerous American Red Cross Blood Drives in 2019 and will host one every 60 days in 2020.

We sponsored even more community events in 2019! We were the presenting sponsor for Kites Over Lake Michigan, Cars & Guitars, and the Kiwanis Car and Motorcycle Show. Major sponsorships include Kiwanis Fish Derby, Salvation Army, Miracle League, Adopt-A-Highway, Manitowoc Maritime Museum's Subfest, Felician Village Car Show as well as Two Rivers Main Street events such as the Cool City Car Show, Ethnic Fest and the Hometown Christmas Parade.

- Shoreline has been sponsoring the Kiwanis Car, Motorcycle & Vintage Camper Show for the past five years. We provide marketing support for this show and volunteer to help out. The Shoreline Marketing team puts together a car show calendar every year to help raise additional money during the show. This year, the calendar raised approximately \$2,000 more to help children in need in Manitowoc County.
- Shoreline also sponsors other car-show related events for Two Rivers Main Street (Cool City Car Show and Cruise), Felician Village Car Show and Cars & Guitars at The Automobile Gallery in Green Bay.
- We have been one of the sponsors for Subfest since its inception in 2015 setting up an antique radio display in the museum during the event.
- For the sixth year in a row, Shoreline Hometown Credit Union has sold Season Pass Pins and matched the first \$5,000 dollars of donations. Our employees are totally committed to this, decorating the branches with Salvation Army Christmas trees and wearing Shoreline Salvation Army shirts every Friday.
- Our employees organize and put on a fun learning day in our training center for the L.B. Clarke National Junior Honor Society the past three years. Additionally, we donate money to this wonderful group of kids.
- The list goes on and on. Our employees are on the move, helping out wherever they can. On their own time or on Shoreline's time, they live the Shoreline brand of Hometown Values and Hometown Rewards every day!



WORK SHOULD BE FUN!

At Shoreline Hometown Credit Union, our employees come to work every day and know they are making a difference. They help you, our members, and we help our employees grow in their careers. We've been an important part of this community since 1941. **We welcome. We serve. We give back.**

- Shoreline's culture is different. The credit union has a philosophy of creating financial well-being for our members. This local, hometown place provides an opportunity for all. We focus on our members and each other as employees.
- As a credit union, we are here to serve our members. That's what our employees do best from top to bottom. We follow our mission of helping members achieve financial success.
- The Leadership Team knows everybody's name. Our employees are made comfortable with everyone they meet from the first week they work here. There's a feeling of honest and open communication. And every day our employees know that they are affecting the lives of every member who walks through the door.
- Shoreline Hometown Credit Union is incredibly diverse and inclusive. Not every decision is made by leadership. All employees have input and are asked their thoughts on how to make things better.
- When a member steps into one of our branches or goes online to bank, they
 can experience our unique hometown brand it's part of our Hometown
 Values in action.
- Whether it's through our sponsorships or personal involvement with community organizations, our employees are super proud of what we do to help people in the community and have fun at the same time.
- Shoreline employees are really proud of our small business hometown partnerships. We all work together to make Manitowoc County a great place to live, work, and play. If our name is attached to a community event, it gives our employees, members and everyone else a great place to go that's affordable and fun.
- Each and every year there are more fun opportunities for our employees at Shoreline. We are excited to be here, because we do a lot of cool things.

My favorite memory of 2019 was our all staff training day at Tapped on the Lakeshore. Everyone had a really fun time, good camaraderie.

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Shoreline



TESTIMONIALS — GREAT STORIES!

"

Nicole, thank you very much for working with me to help me consolidate my debt into one payment. You took the time to work thru all the numbers, answered any questions that I had during the process, explained what was being paid off and all the paperwork that needed to be signed. With all you did you ultimately got all the numbers to work out in an affordable monthly payment as well.

I would recommend anyone in the future to work with Shoreline Credit Union as well as yourself.

Thank you again for all your assistance.

— Lisa

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A huge thank you to Shoreline Credit Union and their amazing staff! They made setting up our business account seamless. Thank you for the support in our new adventure! We highly recommend using Shoreline Credit Union!

-Jodi B.-

where Credit Union is Indexally insured by NCUA.

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Through working with Nathan and Tomas it has instilled hope in me that credit unions can be great places to form relationships with. My experience has been completely different than that of a big bank. You guys truly are there to help and makes us feel welcomed as members. Tomas was amazing through the whole process and really took his time evaluating everything and getting to know us. Brooke and I look forward to partnering with SCU for many years to come. — Scott K.

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I needed a loan to cover an unexpected car repair. It started with an early morning peek at SLCU loan rates when a CHAT with Nathan who advised me of my best options. Later that morning I called and talked to Tom S. Within an hour he put together a loan and had the money in my account later that afternoon. Thank you Tom!

— Kurt

I was recently Involved in a car accident and after what seemed like two weeks of waiting on estimates and insurance Tomas Salinas has greatly helped me out with speedy service. I contacted Shoreline credit union in Manitowoc, WI about getting a new loan started to buy another vehicle for my transportation to school and work and he got everything done within a matter of two days! I thought I would this would be another lengthy process which stressed me out a bit because I'm leaving for vacation next week and start school right when I come back, but I was shocked when he told me he would have everything ready for me to stop by the next day on my hour lunch break. I greatly appreciate Tomas for going above and beyond and helping me get a vehicle before my vacation. He showed great customer service and I will continue to bank with Shoreline Credit Union and recommend Shoreline to anyone looking for loans or checking/savings accounts! Thank you Tomas for making this possible and thank you Shoreline Credit Union for everything you have done for me!

— Maria

My favorite memory of 2019 was the Cool City Cruise and Car Show!

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All I can say is WOW! I just had a great experience at Shoreline. I received a personal loan from you guys this morning and worked with Kyle and Tomas. He was a pleasure. You guys really have a great crew over there and should be very proud. It was like working with a trusted friend. Wasn't "banky" at all. So cool.

Jason Prigge - Vagabond Creative Studio and Co-Founder Coolest Coast

AUDITED STATEMENT OF FINANCIAL CONDITION

For the years ending December 31, 2018 and December 31, 2019

ASSET	12/31/18	12/31/19
Member Consumer Loans	\$30,473,442	\$27,288,723
Member Real Estate Loans	26,406,209	25,655,852
Member Business Loans	3,513,188	3,443,173
Allowance for Loan & Lease Losses	(269,488)	(299,193)
Cash & Equivalents	3,720,936	6,166,184
Investments	21,542,887	22,688,293
NCUA Insurance Fund	821,090	826,818
Fixed Assets	4,598,498	4,403,801
Other Assets	1,292,610	2,845,505
Total Assets	\$92,099,372	\$93,019,156

LIABILITIES AND EQUITY

Total Liabilities and Equity	\$92,099,372	\$93,019,156
Unrealized Gain/(Loss) on Investments	(192,354)	159,748
Undivided Earnings	7,175,460	6,595,608*
Regular Reserves	2,300,000	2,300,000
Current Liabilities	259,023	648,204
Member Health Savings Accounts	693,155	749,318
Member Savings Certificates	11,333,645	11,923,641
Member IRA Shares	4,466,879	4,378,624
Member MMF Shares	11,318,284	10,857,118
Member Share Drafts	14,795,426	14,838,353
Member Shares	\$39,949,854	\$40,568,542

* Adjustment to Retained Earnings for prior year operations of \$119,462

	12/31/18	12/31/19	Peer
Delinquency	0.44%	0.62%	0.85%
Loans/Shares	73.42%	68.22%	67.47%
Loans/Assets	65.81%	61.10%	58.47%
Fee & Other Op. Income/ Avg. Assets	1.11%	1.12%	1.31%

AUDITED STATEMENT OF INCOME AND EXPENSE

For the years ending December 31, 2018 and December 31, 2019

INTEREST INCOME	12/31/18	12/31/19
Loan Interest Income	\$2,817,524	\$2,766,169
Investment Interest Income	534,242	699,562
Total Interest Income	3,351,766	3,465,731
INTEREST EXPENSE		
Dividends Paid to Members	316,572	454,072
Interest Paid on Borrowings	38,938	904
Total Interest Expense	355,510	454,976
Provision for Loan Losses	206,031	194,344
Net Interest Income After Provision for Loan Losses	2,790,255	2,816,411
NON-INTEREST INCOME		
Service Charges & Fees	479,556	475,277
Other Non-Interest Income	787,577	649,667
Net Non-Interest Income	1,267,133	1,124,944
OPERATING EXPENSE		
Staffing & Support	1,824,090	1,990,067
Building Occupancy & Operations	1,411,558	1,323,294
Loan Serving	299,693	310,243
Professional & Advertising	394,242	281,329
Other	10,688	496,811
Total Non-Interest Expense	3,940,271	4,401,744
Net Income/(Loss)	\$117,087	\$(460,389)

My favorite memory of 2019 was the Shoreline sponsored car shows and community involvement.

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BOARD OF DIRECTORS

Gretchen Bauknecht-Pech - Chairperson Sharon Tome - Vice Chair Colleen Inman - Secretary Chad Schwoerer - Treasurer Julie Vogel - Board Member

LEADERSHIP TEAM

Nathan Grossenbach - Chief Executive Officer/President Steve Haensgen - Chief Financial Officer Kal Kerlin - Chief Lending Officer/Executive Vice President

Sara Hablewitz - Compliance Officer Steve Kanter - Vice-President, Hometown Experience & Branding Damien Mohorne - Human Resources Manager Lisa Sment - Vice-President, Operations

STAFF

Bruce Arneman Brad Bartels Karen Bauknecht Brandon Behm Kyle Bryntesen Rhonda Buechner Kelly Culver Erica Doubek Kay Fencl Alexandria Flentje Tyler Freitag Ashley Hagerty Nicole Hurlbert Michael Johnson Stephanie Kakes

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Bevin Koch Cody Lassila Alex Lehman Kristen Leschke Linda Mumpy Luke Nowak Denece Poff Ethan Riske Tomas Salinas Andrea Schmitt Desiree Szydel **Taylor Wenzel** Ever Yang Sheng Yang Matt York Carson Zeller

My favorite memory of 2019 was being able to be so involved in our local community.

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SHORELINE CREDIT UNION LOCATIONS

Two Rivers

3131 Mishicot Rd.

Manitowoc

4400 Calumet Ave.

920-482-3700

Copyright 2020 Shoreline Credit Union. This information in this Annual Report is accurate as of December 31, 2019



៧ិទ្ធាំំំ Mission Statement

Our mission is to help our members achieve financial success. We achieve this by providing members with a safe place to save and borrow at reasonable rates. We excel at this by remaining committed to employing an honesit, knowledgeable staff whose focus is on one member at a time.



CREDIT UNION



Equal Housing Opportunity. Loans, credit cards and debt protection products are subject to credit approval. Membership requirements apply. Federally insured by the NCUA. 1914 (5/20)