

2018

ANNUAL REPORT

HERE, YOU'RE

MORE

THAN A CREDIT SCORE.



A MESSAGE FROM THE CHAIRMAN

Marine Credit Union grew to serve over 91,000 members this year; an increase of almost 16,000 from 2017. On behalf of the Board of Directors, I wish to express how proud we are of the work that each and every team member plays in impacting members' lives. Members who we've provided financing for safe and reliable homes, vehicles and other needs, can now concentrate on other important things in their own lives, while also contributing to our local communities. Marine is making a difference for those who need it most. I'm honored to help lead an organization focused on their mission, to serve the underserved, and succeed year after year.

Highlights of our 2018 accomplishments include:

- We distributed over \$270 million in 2018 by granting loans in the communities we serve.
- We originated over \$83 million in non-conforming real estate loans to borrowers who do not qualify for conventional financing – a significant increase compared to 5 years ago. At the end of 2018, there were 5,141 open real estate loans, up from 3,461 at the end of 2013, nearly a 50% increase in the number of members supported.
- We welcomed the former customers of Old National Bank across western Wis. following a transaction with 10 of its branches, along with Bent River Community Credit Union in Davenport, Iowa.
- Our charitable foundation raised over \$364,000 and distributed more than \$211,000 to worthy causes; its endowment fund now exceeds \$757,000.



Thank you all for your continued support and guidance as we continue to grow and make a difference in the lives of thousands of members every year.

Tom Knothe
Chairman of the Board

“ I am so proud to work with a group of people who are excited to come to work and help make Marine Credit Union a great organization for our members. ”

Shawn L. Hanson



Shawn L. Hanson

A MESSAGE FROM THE CEO

An organization is only as good or successful as the people who help advance its purpose. This year we especially focused on our people to ensure they are getting what they need to continue our success in helping members. We listened to them, gathered their feedback and adjusted our products, policies and procedures to make it easier, MORE efficient and MORE enjoyable to continue to serve our members.

This report includes many examples from 2018 of why our employees choose Marine. You will read stories about our employees, and what motivates them to come to work every day and serve our members. You will read stories about our members, and how our employees did everything they could to help them into a better financial situation and improved their lives as a result. You will also read

stories about how we've grown our Marine Credit Union Foundation to allow us to serve even MORE individuals with MORE services needed in our communities. Finally you will learn how we've brought on MORE team members and new markets through our acquisitions with Old National Bank and Bent River Community Credit Union. I am so proud to work with a group of people who are excited to come to work and help make Marine Credit Union a great organization for our members and employees.

I have high expectations for our goals and achievements in 2019 as we continue to improve our business for our people, members and employees.

Shawn L. Hanson
CEO

BOARD MEMBER SPOTLIGHT: ANNE SNOW

Making Success Accessible

“You have to come from money to own a home. That will never be me.”

These were the words spoken to Anne by her coworker, Leelee. Anne and Leelee worked side-by-side at Tulane Medical Center in New Orleans in the early 90s. They had grown to be good friends. But in that moment, Anne had never felt farther away from her friend.



Anne grew up with an entrepreneur father. Financial topics commonly found a place in dinner table conversation. She received an informal education in finance at an early age.

At first, Anne was shocked that Leelee didn't think homeownership was possible. But she quickly realized her friend, who had grown up in the Deep South, simply did not have access to information and experiences like Anne had.

And so, she set out to change that. Anne taught her friend everything she knew about budgeting and mortgages. And eventually, Leelee bought a home. Years later and a half of a country apart, the two women still keep in touch. What warms Anne's heart the most is seeing happy pictures of Leelee's children, both now graduated from college.

BOARD OF DIRECTORS AND VOLUNTEERS



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Director,
Marine Credit Union Foundation



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Marine Credit Union



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Marine Credit Union



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Marine Credit Union



Richard Swantz
Director,
Marine Credit Union

A labor of love

Life brought Anne to La Crosse, Wis., in December 1994, her two young girls in tow. Anne and her daughters loved their new community, but dearly missed their children's museum in New Orleans. The museum, with its interactive exhibits tailored to a young child's learning and attention levels, had provided hours of entertainment and endless lessons in math, science and social skills.

What's a mother to do? Why, start a children's museum in La Crosse, of course.

Anne began a labor of love in 1996 and opened the Children's Museum of La Crosse in 1999. Over 19 years, the museum has grown to serve more than 70,000 visitors per year from a 75-mile radius of La Crosse and beyond.

The force that started Anne down this path – and the same force that keeps her going – connects back to the story of her friend Leelee. Anne wants everyone to have access to information, experiences and education that can help better their lives.

Multiplying the opportunity to do good things

When Anne was approached to join the MCU Foundation Board in 2015 and then asked to join the credit union Board of Directors in 2018, she saw a perfect fit with her personal mission and purpose.

"My personal mission is to be nice, give back, keep learning and be a leader every day," says Anne.

"We are all made up of the impressions people and places have made on us. If I can leave a positive impression, I'm happy. Marine is the same – doing good work, helping people and giving back."

As a result of her time on the Board, Anne says she has grown her own financial education and gotten practical organization ideas – both of which she's taken back to apply at the Children's Museum.

Anne is just one of the leaders on the Marine Credit Union Board of Directors working to do great things within the credit union, the community and within their own organizations. Together, as Anne sees it, the opportunities to do good things multiply.

QUALITIES, RESPONSIBILITIES & BENEFITS

Qualities | We expect our Board members to possess:

1. Proven leadership capabilities with investor-owned companies or successful businesses of a significant scale.
2. Recognized experience holding self and others accountable while supporting individuals and ideas.
3. Demonstrated sales and networking skills, with an ability to professionally influence groups while maintaining relationships.
4. Demonstrated commitment to learning and continued improvement of self and others (e.g., advanced degrees, licenses, or certifications).

Benefits

The size and complexity of this organization continues to grow and requires a knowledgeable, skilled Board of Directors. As a result, Marine Credit Union compensates its officers of the Board of Directors. Annual compensation for 2019 is: Board Chair, \$24,000; Vice Chairs, Secretary and Treasurer, \$18,000.

Responsibilities | We expect our Board members to:

1. Embody leadership competencies and govern through broad policies and objectives that align with the mission and vision of the organization as established by the Board.
2. Evaluate the performance of executives, directors and committee members, and hold them accountable to organizational goals.
3. Have strategic alliances and maintain appropriate government, professional and organizational relationships.
4. Possess knowledge of and act in compliance with the laws of the State of Wisconsin, National Credit Union Association and other regulatory bodies.
5. Demonstrate literacy in finance, accounting, audit, enterprise risk and compliance. Have the ability to analyze financial statements, and contribute to budget, risk, and strategic discussions. Understand the fiduciary responsibilities of a Board member.

THE MEANING BEHIND OUR MISSION

In 2018, Marine Credit Union granted \$270.6 million in loans. We are proud to make loans to borrowers who may be turned away by other lenders. Our goal is to engage people, giving them hope that there is a financial institution where they are more than a credit score. We want to help them succeed. We want to understand who they are and what challenges they face, rather than basing our relationship on a number. The stories on these pages are examples of what we do every single day.

JUAN AND DELORES RUBIO MILWAUKEE, WIS.

When Juan and Delores Rubio moved back to Milwaukee from Arkansas, they assumed they'd be able to buy a home soon enough. As lifelong homeowners with good credit, they didn't plan on staying with their daughter Betsua for long. But little did they realize the tumultuous ten months that lay ahead.

First, the couple attempted to work with a mortgage company—without success. Next, they went to a realtor who offered to find them a lender—again, without success. In both cases, the Rubios provided all the necessary information, but, as Betsua says, "We never heard back from them." Meanwhile, months went by, and the Rubios began to lose hope.

They then tried another mortgage broker. By that time, they had found a house they really loved. But just when things looked promising, they were told their credit score had dropped by a hundred points. Why? At the advice of their broker, the couple had paid off—and closed—several credit card accounts.

Unfortunately, that had a disastrous effect on their credit score. With a purchase date just three weeks away, the broker contacted Nancy Gehrke at Marine Credit Union.

"I don't know why this nice couple was ignored by other lenders, nor why they were ill-advised to close their accounts," says Nancy. "But after hearing their story and meeting them in person, I was determined to help them purchase their dream home."

Making the Rubios' situation a top priority with her team, Nancy had their loan approved within 24 hours. Two weeks later, the overjoyed Rubios were able to purchase a home. Nancy says it was "the most emotional closing" she's ever attended. Juan and Delores call Nancy an "angel" sent to their family.

Juan, Delores and Betsua
pictured with their
Loan Representative,
Nancy Gehrke (right)

MARC RUD
EAU CLAIRE, WIS.

How important is a good night's sleep? You might want to ask Marc Rud. Marc was a maintenance worker for the Eau Claire public school system until he was forced to retire due to back problems five years ago. Eventually the pain and discomfort required him to sleep in a recliner — for more than three years. While compared to a standard bed, the recliner did help Marc's sleeping situation, but it was hardly a solution. "I was still sore from the recliner, and I never felt really rested," says Marc.

One possible remedy did exist, a medical lift bed, but Marc had ruled out that possibility. "I'm on disability now. I just figured I could never afford one on my fixed income," Marc recalls.

But then he learned from a relative about a local business that sold overstock items at a reduced rate, including medical lift beds. That's when Marc turned to Marine Credit Union for help. A long-time member, Marc had always liked the way he was treated. So when he was referred to Kendall Carroll, he was happy with his experience, but not necessarily surprised. "She listened to what I needed. She treated me like a real person, not just a bunch of numbers," says Marc.

Within 24 hours Marc had a check to buy a new bed, and then within just a few days, he began experiencing something that many take for granted: a good night's sleep. Going from that worn-out recliner to his new bed has had a dramatic effect on Marc's life. "I feel rested now. I feel so much better each day than I used to. It's amazing," he says.

Marc pictured with his
Loan Representative,
Kendall Carroll (right)



KELLY KRAUSE AND ROY SMITH SUAMICO, WIS.

Kelly Krause has always imagined that one day she'd again live in the house where she grew up. In fact, Kelly says since the time she was eight, her parents had told her the house would someday be hers. Today, she now has that chance, but it comes with both sadness and challenges.

In 2017, Kelly had five nerve-related surgeries, including one on her lower back. While recovering, she went without a paycheck for several months. Although she and her boyfriend, Roy, managed to keep up with basic living expenses, their credit card payments suffered and so did their credit scores.

Meanwhile, Kelly's 74-year-old widowed father went in to the hospital with respiratory complications and died shortly after. As the couple absorbed the shock of that sudden loss, they were hit with more bad news. Although her father had willed Kelly the house and property, her inheritance also came with \$45,000 of debt.

Kelly now needed a way to pay off that debt — and hold onto her childhood home. "I tried to get financing, but

because my credit was so bad, everybody denied me." At the fourth lending institution she went to, however, Kelly says she was told to give Marine Credit Union a try.

"I first walked into Marine feeling hopeless," recalls Kelly. But her attitude began to change quickly. "They made me feel like I'd been banking with them forever."

More specifically, Kelly says that Marine's Caleb Chmielewski has given both her and Roy a chance to improve their credit scores. By consistently making payments on their consolidated debt loans, the couple may become eligible for financing to pay off the \$45,000. That means being able to make a dream come true—not just Kelly's dream, but her late parents' dream as well.

Kelly and Roy pictured
with their Loan Representative,
Caleb Chmielewski (right)



THE FUTURE OF MORTGAGE LENDING: THOUGHTS FROM OUR EXPERTS

Marine Credit Union serves the underserved. We lend to self-employed businessmen and women, who find it important to support their local economy; families who may have made financial mistakes in the past and want a second chance; and those who have higher credit but have been turned down by other financials for different reasons. No matter where our members start, we guide them throughout their financial journey, many times in ways that no other financial can.

We have always been focused on helping people. Helping a member increase their credit score, secure reliable transportation and, arguably the most important need faced by many today, find stable housing.

As market trends continue into the future, our lending proposition steadily grows. As interest rates begin to rise, our lenders are committed to finding diverse ways to lend to members. We don't give up. We don't experience any lulls in our business.

We provide mortgage solutions that are more flexible than conventional loans. We find ways to lend to folks who are buying a home or interested in consolidating debt into a home loan. We value relationships with our members and allow them to drive our business consistently during times of high interest rates.

Marine maintains a constant drumbeat in terms of mortgage lending in the communities we call home. Our lenders are dedicated to our mission and know that when they are serving our members with Marine Credit Union, they are home.

“ I see the industry as a whole changing rapidly. But it's different at Marine. We have a unique lending niche that allows me to help everyone! ”

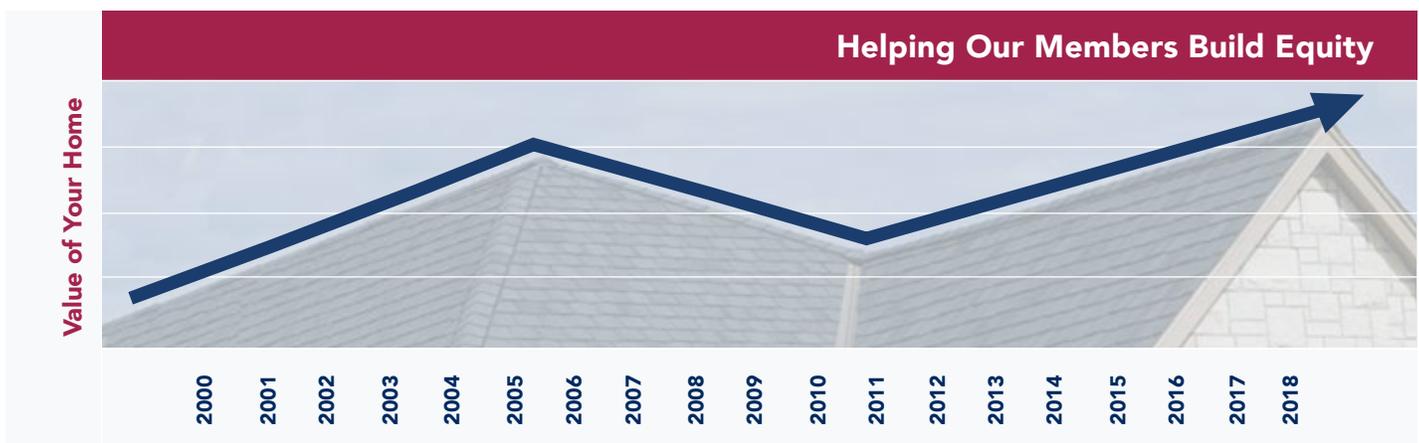


– Ed Zamarron,
Mortgage
Loan Representative

“ It's so rewarding to work with the member and have the ability to improve their life. Whether it's a purchase, refinance or consolidation, we think outside the box. ”



– Scott Runke,
Senior Mortgage
Loan Representative



The above graph is representative of the Home Price Index increase since 2000.

A HISTORIC PARTNERSHIP

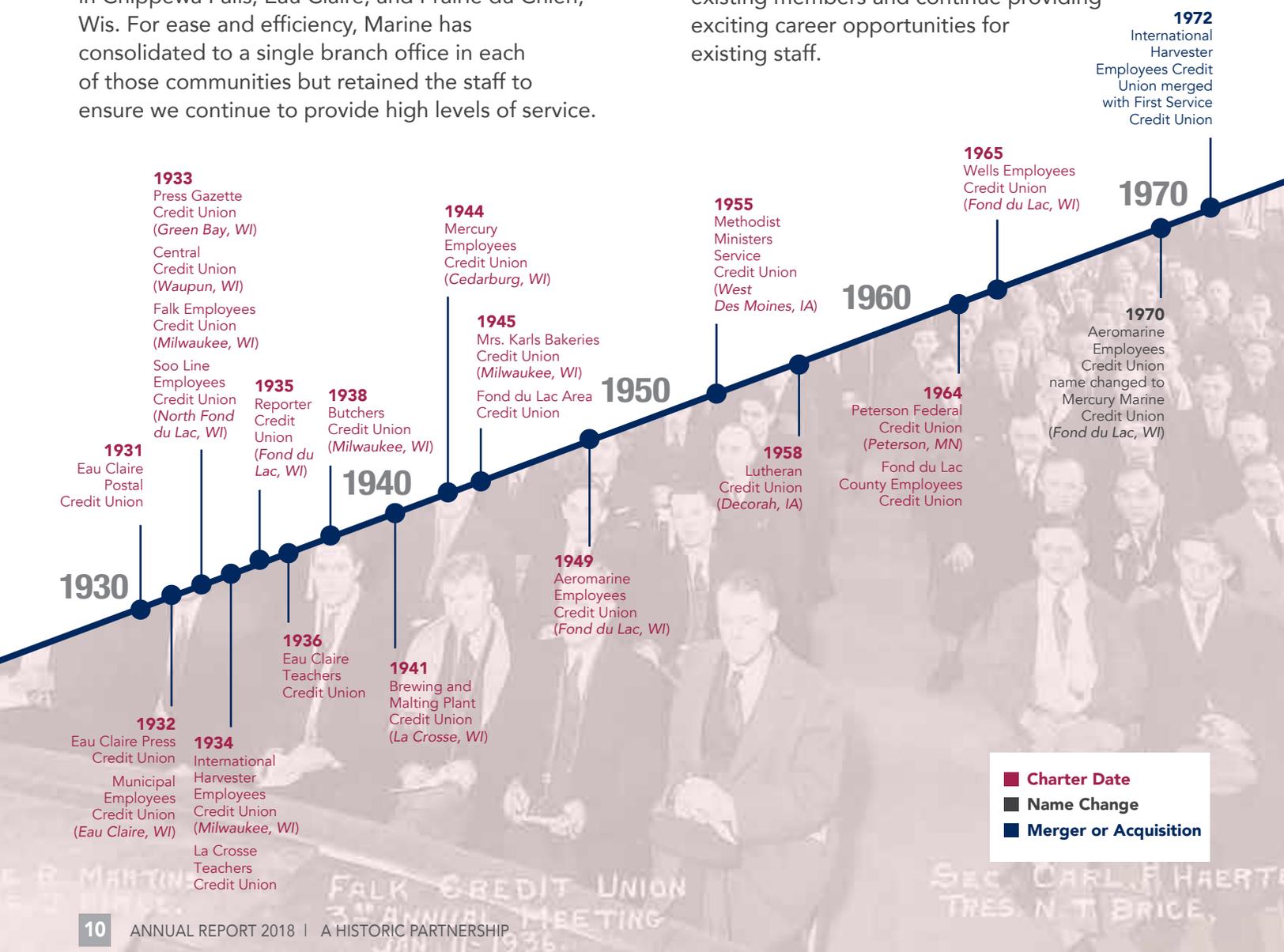
In 2018, Marine Credit Union purchased 10 branches from Old National Bank – the largest single acquisition in Marine’s history. Through the transaction, Marine acquired approximately \$240 million in new deposits and added 10,000 new households to its membership.

The purchase gives Marine the opportunity to serve seven new markets in Stanley, Lancaster, Platteville, Dodgeville, New Glarus, Monroe and Columbus, Wis. According to Katie Tolokken, Marine Credit Union’s Senior Vice President of Corporate Operations, “These markets are a great fit for us and for the types of products and services we offer.” With the acquisition, Marine also adds 10 new counties to our field of membership.

Three of the branches purchased were located in markets that overlap with existing Marine offices in Chippewa Falls, Eau Claire, and Prairie du Chien, Wis. For ease and efficiency, Marine has consolidated to a single branch office in each of those communities but retained the staff to ensure we continue to provide high levels of service.

The sheer scale and complexity of integrating 10 branches demonstrates Marine’s growing expertise in mergers and acquisitions. “We’ve been consciously strengthening the talent and ability of our merger and acquisition team, which allowed us to effectively tackle an integration of this size,” says Katie.

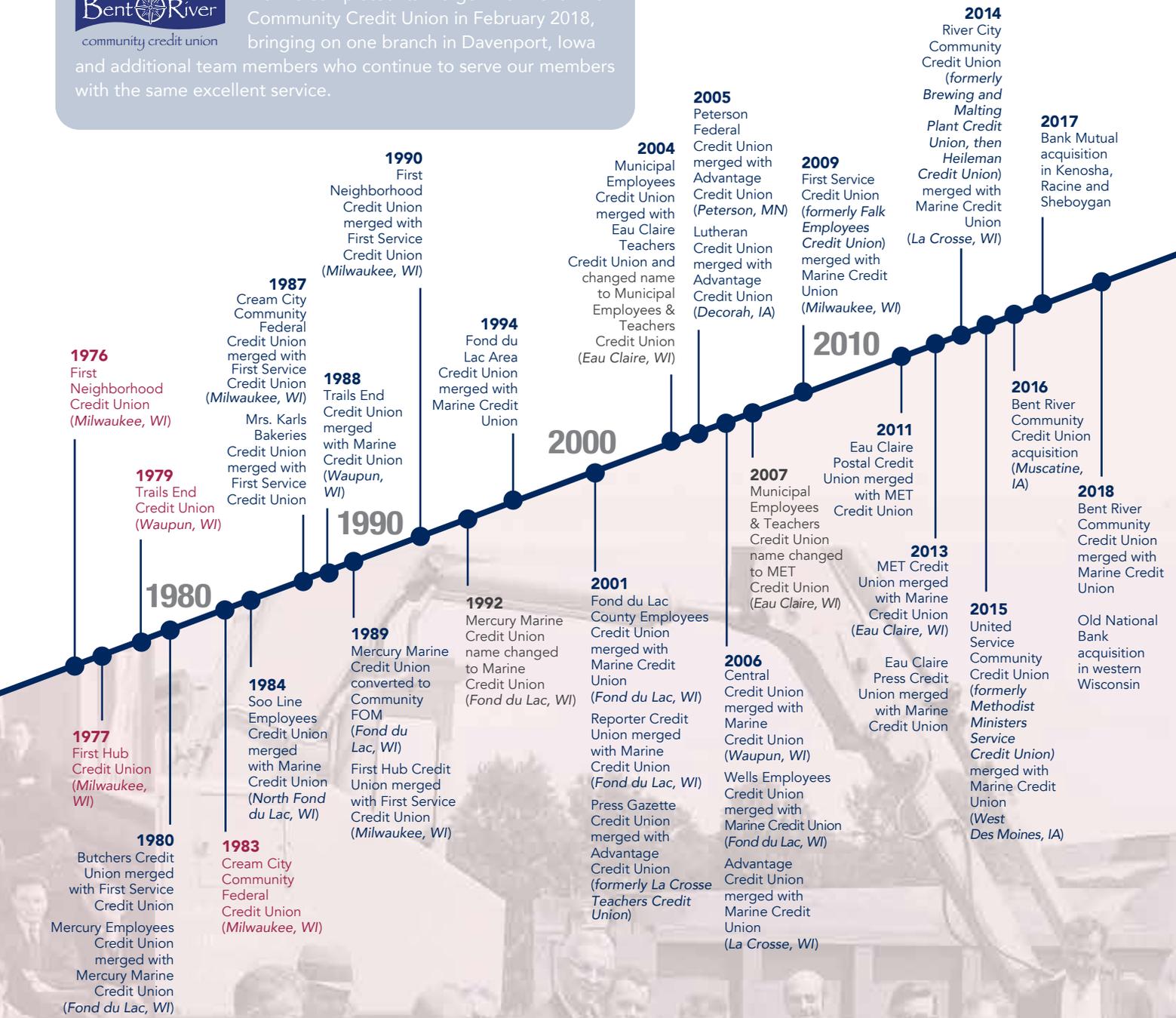
Marine CEO Shawn Hanson says, “Marine’s acquisition of the Old National Bank branches aligns with our growth strategy.” That means Marine has expanded its unique mission to help more people in underserved communities. But the implications go further. Former Old National Bank employees not only have continued employment but also the opportunity to grow their career with Marine. In addition, the growth allows Marine to both remain a strong and relevant institution for existing members and continue providing exciting career opportunities for existing staff.



Bent River Community Credit Union Merges with Marine



Marine completed its merger with Bent River Community Credit Union in February 2018, bringing on one branch in Davenport, Iowa and additional team members who continue to serve our members with the same excellent service.



THE JOINING OF TWO TEAMS



Lancaster Team



Dodgeville Team



Data Conversion Team



Platteville Team



Monroe Team



AMY LOVE IT BUSINESS APPLICATIONS ADMINISTRATOR

Everyone brings a set of skills to a job. But what about when a job enables you to discover a new set of skills—and even a new career path?

As IT Business Applications Administrator, Amy Love oversees Marine Credit Union's main banking and loan origination systems. Along with communicating effectively and being a good team player, Amy says her responsibilities, not surprisingly, demand "digging into the technical details." But Amy's current position is far from where she started eleven years ago—in lots of ways. "I began as a Commercial Loan Processor and planned to continue in that direction," Amy recalls. "I never would have guessed when I started my career here that I would eventually be in IT. I never really considered myself a technical person."

However, Amy's understanding of herself—and her strengths—began to change as she developed her career at Marine. "It seemed like no matter the department I was in, I always ended up being the

go-to person whenever there was a technical issue," Amy says. "It just came naturally to me."

According to Amy, her Marine supervisors have always been "extremely supportive" about her trying new things. And because of that support, she was able to find her niche as she took on more and more technical projects, including working on four major banking system changes and half a dozen mergers. It's experiences like these that have led to Amy proudly calling herself a "change agent."

"At Marine, we're continually looking for ways to stand out from other institutions and make things better for our members and our staff," says Amy. "That means there are always enhancements or improvements for me to be a part of. That's why I love my career here."

ANDY WAPNESKI
VICE PRESIDENT - DISTRICT MANAGER, MILWAUKEE

Sometimes a person has to leave a place to see it more clearly. Andy Wapneski was with Marine Credit Union for more than four years when he took a position elsewhere. Four years later, he returned with a better understanding of himself, the larger financial world, and Marine.

So what brought him back? "I'm not just interested in moving 'up' in a company. I need to feel challenged. With the things that are happening at Marine—like its amazing growth—I just knew I wanted to be a part of that," says Andy.

But as he explains, his return was motivated by other important reasons. "Honestly, I wanted to get back to helping more people. At Marine, we really have a unique opportunity to impact people's lives.

You feel it every day, and it inspires you to work harder and get better at what you do. It's not necessarily that way at other places," Andy says.

That spirit of helping others, according to Andy, reaches beyond Marine members. "We have a great thing going here with the Marine Credit Union Foundation," he says. "Getting involved and giving back to our communities outside of work means something to me." Andy also points out that Marine gives employees eight hours of paid-time-off each year to help in the community. "That's just one more indication of how important helping others is to Marine."

As for the best part of his job, Andy says it's helping his employees grow. "Employee development is huge at Marine. I love coaching and training my staff—and also encouraging them to find a place in the company that fits them best," he says. "Marine is going in such an exciting direction. If you're an employee here, I think the possibilities are endless."



AMANDA STOLT MORTGAGE LOAN REPRESENTATIVE

Just three years ago, Amanda Stolt took her sales rep experience at a national photography company and joined Marine Credit Union's Eau Claire branch. She began as a Consumer Loan Officer. Then, in less than two years, she became a Mortgage Loan Representative, a position that includes more volume-producing responsibilities and requires being the go-to person when the manager is out.

So how did that progression unfold so quickly? A self-described "social butterfly," Amanda points to her relationship-building skills and her competitive nature as key factors. But according to her, there's another important detail: Marine gave her the opportunity.

Unlike her previous job, where the path for career progression was "vague and drawn out," Amanda says her experience with Marine has been just the opposite. When she set her sights on becoming an MLR and shared that desire with her manager, she was given a specific plan to make it happen. "It was very straightforward. My manager explained the expectations. I went on to exceed those expectations, receive recognition for that, and

ultimately obtain an MLR position earlier than I anticipated."

Today, from Marine's new branch location in Chippewa Falls, Amanda continues to embrace her role as an MLR and enjoy the things that make her job great. First, there are her coworkers. "We're like family. We look out for each other," says Amanda. And then there are the Marine members. "At Marine, we're in the business of helping people achieve their financial goals. Sometimes it takes a lot of personal attention to piece together a loan that will work for someone. But that's what we do here, and that's why Marine is so special," says Amanda.



Marine Credit Union partners with hundreds of real estate agencies, auto dealerships and other service-oriented businesses. Our colleagues in these businesses provide exceptional value to the communities we serve. When we join hands with our partners in our communities, we are able to help get people into homes, provide them reliable transportation, or purchase other products or services they need. In the end, we build better communities.

Marine Does **MORE** to Support Education

We are proud to continue the tradition we started more than 20 years ago of helping hardworking, deserving students achieve their education goals. To date, Marine has given more than \$100,000 in scholarships to students who are members, to employees, and to family members of employees and members. Marine is committed to serving our members and investing in our communities and our people.

Marine provides the following scholarships annually:

1. Five \$1,000 Membership Scholarships to Marine members, or children of members, who are full-time students.
2. One \$1,000 Ranger Credit Union Scholarship to a Ranger Credit Union (Marine) member and current student at La Crosse Logan High School.
3. One \$1,000 Employee Scholarship to a current Marine employee, or child/spouse of a current employee, who is enrolled in a collegiate program.

Spotlight Partner: Blaeser Auto, Chippewa Falls, Wis.

BLAESER AUTO LLC

“Marine Credit Union helps us grow as a business. At Blaeser Auto we aim to provide affordable cars for people who cannot afford more expensive, high-end vehicles. A lot of our customers tend to have no credit or less than perfect credit. Sandra, at Marine Credit Union, goes above and beyond to help these people who are in desperate need of a vehicle to function in their day-to-day life. She strives to give everyone a fair chance at obtaining a loan. We have had many customers who were discouraged, given up, or under the impression that their credit was not worthy of a loan. Sandra has time and time over proven that they were incorrect; she got them the loan they needed and deserved allowing us to get them into the vehicle they needed. Marine Credit Union and Sandra have allowed Blaeser Auto to grow and be a successful business by letting people know, 'You're more than a credit score.'”

- Rebecca Riemer, Office Manager

The 2018 scholarship winners are:

1. Merideth Baleiko, Columbus, Wis.
Marian University
2. Alaryana Lipke-Randle, Columbus Wis.
Viterbo University
3. Jayden Sawyer, Fond du Lac, Wis.
University of Wisconsin – La Crosse
4. Michael Schaefer, Oakfield, Wis.
University of Wisconsin – Madison
5. Taylor Skroski, Oshkosh, Wis.
University of Wisconsin – Oshkosh
6. Brandi Voigt, Fond du Lac, Wis.
University of Wisconsin – Fond du Lac
7. Maria Carr, La Crosse, Wis.
Florida Institute of Technology

MCU FOUNDATION

Finding a HOME....and MORE

High school sweethearts, Katye and Josh's journey together started over 15 years ago when they began dating. It was clear Katye was not happy with her home situation so she moved in with Josh and his parents at the age of 17. "It was not a good situation and I am glad he was there for me to help me get out of it," Katye said. Katye and Josh moved into their first apartment in 2004. Over the next eight years, they had two baby girls, were married and moved into a larger duplex.



With their third child on the way, life was going so well that in 2014 Katye decided she was going to be a stay at home mom and Josh would be the main breadwinner. However, a few weeks before their daughter was born, everything started to change and more adversity was on its way for Katye and Josh. Josh began to struggle with work and his emotional state, and was eventually let go from his employer of almost six years. With the dramatic loss of income, Katye was forced to go back to work, and they moved back in with Josh's parents to make ends meet.

After spending some time in the hospital and consulting with therapists and doctors, Josh was finally diagnosed with a mental health issue and was given medication to help cope. Even with this knowledge, Josh still wanted to support his family and tried to go back to work. "I went through seven different jobs in about two years," Josh said, "we finally tried to apply for disability to keep a second stable income coming into the home." While they waited for approval on Josh's disability, Katye kept working. Josh then found a local resource called "The Center," who helped him with his mental health and work towards his goals.



Since the Foundation was created in January 2014:

Almost
\$598,000

has been donated to more than 870 charitable causes in the areas that Marine serves in Wisconsin, Minnesota, Illinois and Iowa.



2:1 80% of Marine employees contribute to the MCU Foundation through an automatic payroll deduction. The credit union matches each employee donation - for every dollar an individual donates, Marine donates two.

\$244,000+
donated by
Marine employees



\$105,000+

donated
by Marine
members

In 2016, Josh met a community social worker from the La Crosse Area Family Collaborative who was visiting "The Center." She offered to meet with the family and help them. The first agenda items were to help them find housing and assist with Josh's disability appeal. "After almost three years of waiting, the claim went through and we were approved for benefits," said Katye. The social worker then helped Katye and Josh find safe and stable housing.

In 2018, they were offered the opportunity to purchase the house they were currently renting. However, after all of their struggles, they had nothing in savings and their credit had been trashed. That's when their social worker connected them with a new program the Marine Credit Union Foundation launched called Finding HOME. She referred Katye and Josh to schedule a free appointment.

In June 2018, Katye and Josh met with Majel Hein, the financial literacy counselor for Finding HOME. At the time, they only had Josh's disability, child social security and Katye's part-time job for income. Majel suggested Katye find full-time employment in order to enter them into the program. "It was great! I knew what I had to do and finding a job was not going to stand in my way," said Katye, "I started looking for employment the next day."

Three weeks later Katye called Majel and told her she

had a full-time job. "I was so excited for them!" said Majel. "We scheduled a follow-up right away!"

In July 2018, Katye and Josh entered the Finding HOME program and are working hard every day on their budget. They already started to put money into savings for their home.

"I am so thankful to the social worker who connected us to this program and for Marine Credit Union Foundation for making it possible for a family like ours to be able to realize our dream of homeownership," said Katye, "I think it is also important to share that things do not always come easy. You have to work for them and be open to change to make it happen."



Katye, Josh and their three kids, pictured with Majel Hein, their financial counselor (right).



Shawn Hanson and MCU Foundation Executive Director, Liz Popp, presenting the final proceeds from the MCU Foundation Golf Outing in 2018.

MCU Foundation Golf Outing

Friends and partners of Marine Credit Union donated more than \$100,000 to support financial literacy and charitable causes in our communities as part of the fourth annual Marine Credit Union (MCU) Foundation Golf Outing on Aug. 1. More than 140 golfers participated at the Golf Course at Cedar Creek Country Club in Onalaska, Wis. Almost 50 company sponsors supported the event, including major event sponsors MOKA, Allied Solutions, Fowler and Hammer, NexGen and Staples.

FINANCIAL REPORT 2018

AUDIT REPORT

The Audit Committee acts independently of management and the Board of Directors and is responsible for maintaining oversight of the credit union's management and financial records.

To meet these responsibilities, the committee contracted with CliftonLarsonAllen to conduct an independent audit of the consolidated financial statements of Marine Credit Union for the year ended December 31, 2017. The opinion from this audit revealed that the consolidated financial statements were presented fairly with no material findings.

Additional audits, reviews and risk assessments are conducted to monitor operational practices and procedures for effectiveness in safeguarding members' assets. Any material findings are reported to the Board of Directors.

It is the opinion of this committee that the financial condition of Marine Credit Union remains strong, and internal controls, policies and operations are in compliance with all governmental regulations.

Robert Carney
Treasurer
Audit Committee Chair

TREASURER'S REPORT

Marine Credit Union had another successful year in 2018. Deposit growth of \$158,929,596 resulted in assets of \$753,826,020.

The Wisconsin Department of Financial Institutions and the National Credit Union Administration receive detailed financial information from Marine Credit Union on a quarterly basis. The net worth to asset ratio is used to measure strength and stability. Your credit union's net worth to asset ratio is 11.59% for the year ended December 31, 2018 and is deemed "Well Capitalized."

The enclosed financial statements are summarized from the complete financial statements of Marine Credit Union.

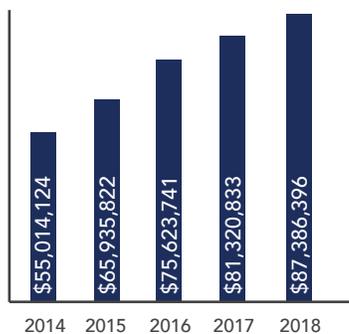
Robert Carney
Treasurer

BALANCE SHEET

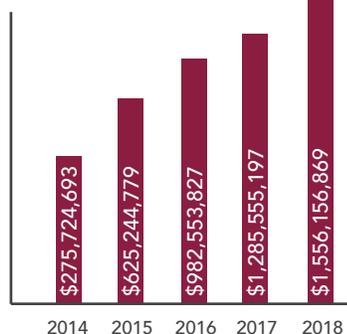
Assets	2014	2015	2016	2017	2018
Cash	\$79,268,272	\$84,474,035	\$85,459,242	\$75,066,024	\$47,047,283
Investments	12,531,630	29,742,543	22,110,378	17,603,555	33,482,731
Consumer Loans	169,196,595	196,657,241	220,461,662	245,472,486	248,506,454
Real Estate Loans	236,290,002	271,135,109	318,744,692	364,941,390	353,314,332
Total Loans	405,486,597	467,792,350	539,206,354	610,413,876	601,820,786
Allowance for Loan Loss	(6,530,733)	(5,844,080)	(6,301,977)	(9,729,605)	(10,532,496)
Other Assets	44,141,837	49,216,837	49,311,897	62,191,269	82,007,716
Total Assets	\$534,897,603	\$625,381,685	\$689,785,894	\$755,545,119	\$753,826,020
Liability & Equity					
Savings	\$350,461,815	\$412,734,599	\$430,658,627	\$495,995,668	\$654,925,264
Borrowings	124,327,601	138,644,851	176,964,000	170,764,000	–
Other Liabilities	5,094,063	8,066,413	6,539,526	7,464,618	11,514,360
Member Equity	55,014,124	65,935,822	75,623,741	81,320,833	87,386,396
Total Liabilities & Equity	\$534,897,603	\$625,381,685	\$689,785,894	\$755,545,119	\$753,826,020



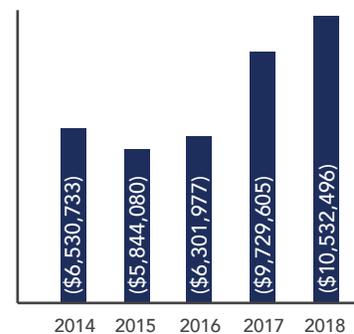
CAPITAL DOLLARS (in millions)



CUMULATIVE LOANS GRANTED (in millions)

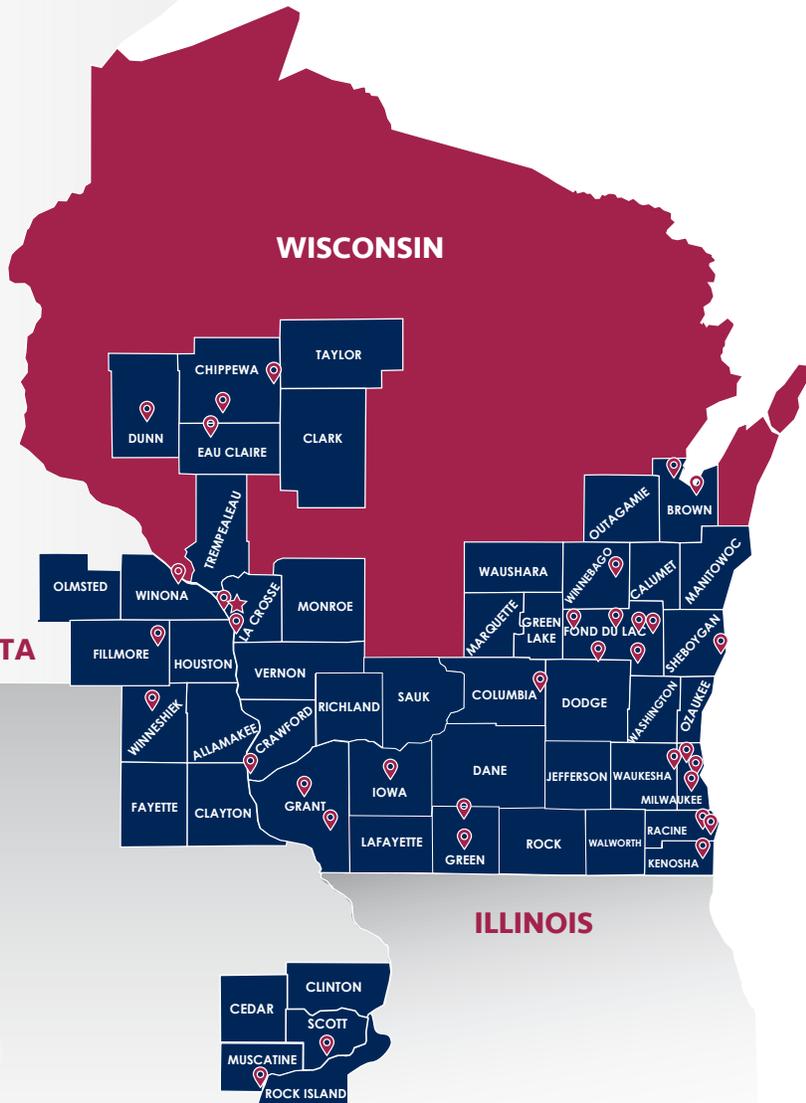


LOAN LOSS RESERVES (in millions)



INCOME STATEMENT

	2014	2015	2016	2017	2018
Loan Income	\$25,699,680	\$31,311,612	\$38,051,211	\$44,769,277	\$46,000,032
Investment Income	220,243	278,479	768,984	755,261	1,478,697
Total Interest Income	\$25,919,923	\$31,590,091	\$38,820,195	\$45,524,538	\$47,478,729
Dividend Expense	\$1,209,005	\$1,169,691	\$1,378,875	\$1,966,996	\$2,359,797
Interest Paid on Borrowed Money	426,582	458,300	554,076	1,346,926	2,153,953
Net Interest Margin	24,284,336	29,962,100	36,887,244	42,210,616	42,964,979
Provision for Loan Loss	2,692,803	2,403,108	3,627,230	10,010,371	8,204,074
Net Interest Margin after PLL	\$21,591,533	\$27,558,992	\$33,260,014	\$32,200,245	\$34,760,905
Operating Expense	\$29,689,407	\$34,430,540	\$40,726,061	\$42,389,461	\$46,764,839
Fee & Other Operating Income	16,344,664	16,253,007	16,662,910	16,022,136	16,495,266
Non Operating Income	0	0	0	0	0
Gain (Loss) on Sale of Assets	(227,158)	(26,700)	446,133	(111,970)	(196,531)
NCUA Stabilization Expense	0	0	0	0	0
Net Income	\$8,019,632	\$9,354,759	\$9,642,996	\$5,720,950	\$4,294,801



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