



Notice of Meeting of the Members of Shipbuilders Credit Union

The Board of Directors of Shipbuilders Credit Union has called a special meeting of the members of this credit union at our Rapids Road branch located at 200 North Rapids Road, Manitowoc, Wisconsin on August 19, 2024, at 6:00 p.m.

The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging Shipbuilders Credit Union with and into Kohler Credit Union (hereinafter referred to as the "Continuing Credit Union"), whereby all assets and liabilities of Shipbuilders will be merged with and into the Continuing Credit Union. All members of Shipbuilders Credit Union will become members of the Continuing Credit Union and will be entitled to and will receive shares in the Continuing Credit Union for the shares they own in Shipbuilders Credit Union on the effective date of the merger.
2. To ratify, confirm and approve the action of the Board of Directors in authorizing the officers of Shipbuilders Credit Union, subject to the approval of members, to do all things and to execute all agreements, documents, and other papers necessary to carry out the proposed merger.

The Board of Directors of Shipbuilders Credit Union encourages you to attend the meeting and vote on the proposed merger. Whether or not you expect to attend the meeting, we urge you to sign, date and promptly return the enclosed ballot to vote on the proposed merger.

If you wish to submit comments about the merger to share with other members, you may submit them to the National Credit Union Administration (NCUA) at <https://www.ncua.gov/support-services/credit-union-resources-expansion/resources/comments-proposed-credit-union-mergers> or mail to:

NCUA - Office of Credit Union Resources and Expansion
1775 Duke Street
Alexandria, VA 22314
RE: Member-to-Member Communication for Shipbuilders Credit Union

The NCUA will post comments received from members on its website, along with the member's name, subject to the limitations and requirements of its regulations.

Other Information Related to the Proposed Merger:

The Board of Directors has carefully evaluated and analyzed the assets and liabilities of the credit unions and the value of shares in both credit unions. The financial statements of both credit unions, as well as the projected combined financial statement of the continuing credit union, follow as a separate document. In addition, the following information applies to the proposed merger.

NCUA 6305A (05/20)

Reasons for merger: The Board of Directors has concluded that the proposed merger is desirable and in the best interests of members because we want to bring members the best value from their credit union while ensuring we continue to grow and thrive. Financial services today are highly competitive and require a higher level of scale, financial strength, and resources than ever before.

When succession planning and economies of scale became clear challenges, Shipbuilders Credit Union found a partner in Kohler Credit Union that would offer value to our members, support to our communities, and provide opportunities for our employees. Kohler and Shipbuilders Credit Unions share common values and have been friendly competitors through the years. The Boards of Directors, CEOs, and leadership teams of both organizations are unanimously in favor of this partnership and believe it will be in the best interests of both credit unions' members long-term.

As a result of the proposed merger, the Continuing Credit Union will be able to offer you:

- **Expanded Branch and ATM Network** across thirteen branch locations, additional credit union-owned ATMs throughout the combined charter, and an increased number of surcharge-free ATMs nationwide.
- **Enhanced Convenience** through phone and secure chat services, offering more options to address your member service needs.
- **Expanded Digital Capabilities** with higher mobile deposit limits, the ability to make online loan payments, open new accounts online, and personal financial tools for monitoring spending and budgets.
- **Additional Products and Services**, including access to investment and retirement services.
- **Enhanced Financial Wellness** resources and tools for making well-informed financial decisions.
- **Consistency through Knowledgeable and Friendly Employees** with the retention of all Shipbuilders employees, who will have access to improved training resources within the larger organization.
- **Deepened Community Presence** by expanding community outreach initiatives and reinforcing our presence in the areas we serve, aiming for a more significant impact on the lives of members and neighbors.
- **Established Competitive Financial Partner** by leveraging the advantages of a larger credit union to increase efficiencies and return savings to members through greater access, new technology and services, competitive loan and deposit rates, and an unwavering commitment to the community.

Net worth: The net worth of a merging credit union at the time of a merger transfers to the Continuing Credit Union. Shipbuilders Credit Union does have a higher net worth ratio than the Continuing Credit Union.

Share adjustment or distribution:

Shipbuilders Credit Union will distribute a portion of its net worth to its members in the merger. The board of directors has determined to distribute a portion of Shipbuilders CU's net worth as a special dividend for deposit accounts and special rebate for loan accounts. An amount totaling \$3,800,000 will be distributed to the Shipbuilders CU membership prior to the effective date of the merger. The dividend and/or rebate will be calculated using a weighted distribution method based on the member's total deposit and loan account balance as of June 30, 2023, divided by the total of all members' deposit and loan balances as of the same date. As of June 30, 2023, the total of all members' deposit and loan balances was \$195,107,857.

Locations of merging and continuing credit union: The Continuing Credit Union intends to maintain Shipbuilders Credit Union's three existing locations:

- **Main office** 2001 Washington Street Manitowoc, WI 54220
- **Rapids Road** 200 North Rapids Road Manitowoc, WI 54220
- **Mishicot** 309 East Main Street Mishicot, WI 54228

In addition, Kohler Credit Union has the following corporate and branch locations:

- **Corporate Center** 5727 Superior Avenue Sheboygan, WI 53083
- **Kohler** 850 Woodlake Road Kohler, WI 53044
- **Grafton** 2550 Washington Street Grafton, WI 53024
- **Howards Grove** 724 Madison Avenue Howards Grove, WI 53083
- **Manitowoc Meijer** 1818 South Rapids Road Manitowoc, WI 54220
- **Mequon** 11357 North Port Washington Road Mequon, WI 53092
- **Plymouth** 2303 Eastern Avenue Plymouth, WI 53073
- **Saukville** 840 East Green Bay Avenue Saukville, WI 53080
- **Sheboygan** 831 South Taylor Drive Sheboygan, WI 53081
- **Sheboygan Meijer** 924 North Taylor Drive Sheboygan, WI 53081
- **West Bend Meijer** 2180 South Main Street West Bend, WI 53095

Changes to services and member benefits: Both credit unions strive to deliver excellent member experiences. The proposed merger will offer the combined membership access to expanded locations and service offerings as noted above while leveraging the service best practices from each credit union. All currently offered products align favorably between the two credit unions.

Merger-related financial arrangements: NCUA Regulations require merging credit unions to disclose certain increases in compensation that any of the merging credit union's officials or the five most highly compensated employees have received or will receive in connection with the merger. The CEO, Michael Steimle, has waived any special compensation.

In recognition of their integral role in the success of Shipbuilders Credit Union both before the merger and, if approved, through the transition to the Continuing Credit Union, key management team members will also be eligible for severance pay if the Continuing Credit Union terminates or demotes them without cause during the first two years after the merger. The amount of the potential severance would be based on the number of months remaining in the two-year post-merger period; the range of possible payments is listed for each of the eligible employees of Shipbuilders Credit Union below:

Mark Seidl, VP of Operations, potential severance of \$9,136 to \$219,264 only if terminated or demoted without cause.

Sheri Lau, VP of Consumer Lending, potential severance of \$10,674 to \$256,176 only if terminated or demoted without cause.

Paul Eggert, VP of Mortgage & Business Lending, potential severance of \$8,013 to \$192,312 only if terminated or demoted without cause.

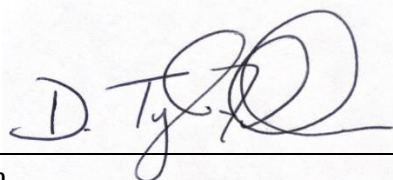
Teresa Satori, Marketing Director, potential severance of \$4,441 to \$106,584 only if terminated or demoted without cause.

Member Approval and Voting Information: Please note that the proposed merger must have the approval of the majority of members who vote.

Enclosed with this Notice of Special Meeting is a Ballot for Merger Proposal. If you cannot attend the meeting, please complete the ballot and return it to Hawkins Ash CPAs, 520 North Broadway, Suite 250, Green Bay, WI 54303.

To be counted, your mailed in ballot must be received by August 16, 2024.

BY THE ORDER OF THE BOARD OF DIRECTORS:

	6/3/2024
_____ Chairman	_____ Date

BALANCE SHEET
as of December 31, 2023

(dollars in thousands)

	Kohler CU	Shipbuilders CU	Combined
ASSETS			
Cash and Cash Equivalents	\$ 25,155	\$ 4,497	\$ 29,652
Securities	47,642	13,194	60,836
Loans	483,568	89,682	568,766
Allowance for Credit Losses	(1,476)	(131)	(1,476)
Fixed Assets	31,250	2,356	33,606
Reposessed Assets	132	67	199
NCUA Share Insurance Fund	5,195	964	6,159
Other Assets	25,668	6,846	31,219
Core Deposit Intangible	-	-	2,915
Goodwill	-	-	3,509
TOTAL ASSETS	\$ 617,134	\$ 117,475	\$ 735,385
LIABILITIES			
Members' Share and Savings Accounts	\$ 532,885	\$ 99,870	\$ 636,804
Borrowed Funds	29,000	-	29,000
Accrued Expenses and Other Liabilities	10,044	1,182	11,226
TOTAL LIABILITIES	571,929	101,052	677,030
TOTAL MEMBERS' EQUITY	45,205	16,423	58,355