

SECURITIES AND EXCHANGE COMMISSION

FORM DEF 14A

Definitive proxy statements

Filing Date: **1999-03-26** | Period of Report: **1999-05-13**
SEC Accession No. **0000905729-99-000065**

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FILER

SHORELINE FINANCIAL CORP

CIK: **822697** | IRS No.: **382758932** | State of Incorporation: **MI** | Fiscal Year End: **1231**
Type: **DEF 14A** | Act: **34** | File No.: **000-16444** | Film No.: **99574415**
SIC: **6021** National commercial banks

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SCHEDULE 14A
(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO. ____)

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement [] Confidential, for use of the
Commission only (as permit-
 [X] Definitive Proxy Statement [] Confidential, for use of the
Commission only (as permit-
ted by Rule 14a-6(e) (2))
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

SHORELINE FINANCIAL CORPORATION
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (check the appropriate box):

[X] No fee required.

[] Fee computed on table below per Exchange Act Rules 14a-6(i) (1)
and 0-11.

(1) Title of each class of securities to which transaction
applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction
computed pursuant to Exchange Act Rule 0-11 (set forth the
amount on which the filing fee is calculated and state how
it was determined):

(4) Proposed maximum aggregate value of transaction:

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offsetting fee was paid previously. Identify the previous filing by
registration statement number, or the form or schedule and the date of its
filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing party:

(4) Date filed:

[SHORELINE FINANCIAL CORPORATION LOGO]
SHORELINE FINANCIAL CORPORATION

823 RIVERVIEW DRIVE
BENTON HARBOR, MICHIGAN 49022

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders of Shoreline Financial Corporation will be held at the Mendel Center at Lake Michigan College, 2755 E. Napier Avenue, Benton Harbor, Michigan, on Thursday May 13, 1999, at 2:30 p.m. local time, for the following purposes:

1. To elect directors.
2. To transact any other business that may properly come before the meeting.

Shareholders of record at the close of business on March 16, 1999, are entitled to notice of and to vote at the meeting and any adjournment of the meeting. The following Proxy Statement and enclosed form of proxy are being furnished to holders of Shoreline Common Stock on and after March 24, 1999.

By Order of the Board of Directors,

/s/ James R. Milroy

James R. Milroy
Secretary

March 24, 1999

It is important that your shares be represented at the meeting. Even if you expect to attend the meeting, PLEASE SIGN, DATE AND RETURN YOUR PROXY PROMPTLY.

PROXY STATEMENT

SHORELINE FINANCIAL CORPORATION

ANNUAL MEETING OF SHAREHOLDERS

May 13, 1999

This Proxy Statement and the accompanying form of proxy are being furnished to holders of common stock ("Common Stock") of Shoreline Financial Corporation ("Shoreline" or the "Corporation") on and after March 24, 1999, in connection with the solicitation of proxies by the Shoreline Board of Directors for use at the annual meeting of Shoreline shareholders to be held on May 13, 1999, and at any adjournment of that meeting. The annual meeting will be held at the Mendel Center at Lake Michigan College, 2755 E. Napier Avenue, Benton Harbor, Michigan, at 2:30 p.m. local time.

The purpose of the annual meeting is to consider and vote upon the election of directors. If a proxy in the form distributed by Shoreline is properly signed and returned to Shoreline, the shares represented by that proxy will be voted at the annual meeting of Shoreline shareholders and at any adjournment of that meeting. If a shareholder specifies a choice, the proxy will be voted as specified. If no choice is specified, the shares represented by the proxy will be voted for the election of all nominees of the Board of Directors named in this Proxy Statement. Shoreline management does not know of any other matter to be presented at the annual meeting. If other matters are presented, all shares represented by the proxy will be voted in accordance with the judgment of the persons named as proxies with respect to those other matters.

A proxy may be revoked at any time prior to its exercise by written notice delivered to the Secretary of Shoreline. A proxy also may be revoked by attending and voting at the annual meeting.

Solicitation of proxies will be made initially by mail. Directors, officers and employees of Shoreline and Shoreline Bank may also solicit proxies in person or by telephone without additional compensation. In addition, proxies may be solicited by nominees and other fiduciaries who may mail material to or otherwise communicate with the beneficial owners of shares held by them. All expenses of solicitation of proxies will be paid by Shoreline.

ELECTION OF DIRECTORS

The Board of Directors has nominated the following three persons for reelection to the Shoreline Board of Directors for terms expiring at the annual meeting to be held in 2002:

NOMINEES

James E. LeBlanc
James F. Murphy

Seven other directors are serving terms that will expire in 2000 or 2001. It is the intent of the persons named in the accompanying proxy to vote for the election of the three nominees listed above. The proposed nominees are willing to be elected and to serve. If any nominee is unable to serve or is otherwise unavailable for election, which is not contemplated, the incumbent Shoreline Board of Directors may or may not select a substitute nominee. If a substitute nominee is selected, all proxies will be voted for the person so selected. If a substitute nominee is not selected, all proxies will be voted for the election of the remaining nominees. Proxies will not be voted for a greater number of persons than the number of nominees named.

A plurality of the shares represented in person or by proxy and voting at the meeting is required to elect directors. For the purpose of counting votes on the election of directors, abstentions, broker non-votes and other shares not voted will not be counted as shares voted, and the number of shares of which a plurality is required will be reduced by the number of shares not voted.

YOUR BOARD OF DIRECTORS RECOMMENDS A
VOTE FOR ELECTION OF ALL NOMINEES AS DIRECTORS

VOTING SECURITIES

Holders of record of Common Stock at the close of business on March 16, 1999 will be entitled to vote at the annual meeting of shareholders on May 13, 1999 and any adjournment of that meeting. As of March 16, 1999, there were 8,990,023 shares of Common Stock issued and outstanding. Each share of Common Stock is entitled to one vote on each matter submitted for shareholder action.

The following table sets forth information concerning the number of shares of Common Stock held as of December 31, 1998 by the only shareholder who is known to Shoreline management to have been the beneficial owner of more than five percent of the outstanding shares of Common Stock as of that date:

<TABLE>
<CAPTION>

AMOUNT AND NATURE OF
BENEFICIAL OWNERSHIP OF COMMON STOCK<F1>

SOLE VOTING AND	SHARED VOTING OR	TOTAL	PERCENT
--------------------	---------------------	-------	---------

NAME AND ADDRESS OF BENEFICIAL OWNER	DISPOSITIVE POWER	DISPOSITIVE POWER<F2>	BENEFICIAL OWNERSHIP	OF CLASS
<S> Shoreline Bank Trust Department 720 Pleasant Street St. Joseph, Michigan 49085<F3>	<C> 936,358	<C> 229,204	<C> 1,165,562	<C> 12.87%

The following table sets forth information concerning the number of shares of Common Stock held as of December 31, 1998 by each of Shoreline's directors and nominees for director, each of the named executive officers and all of Shoreline's directors, nominees for director and executive officers as a group:

<TABLE>
<CAPTION>

AMOUNT AND NATURE OF
BENEFICIAL OWNERSHIP OF COMMON STOCK<F1>

NAME OF BENEFICIAL OWNER	SOLE VOTING AND DISPOSITIVE POWER	SHARED VOTING OR DISPOSITIVE POWER<F2>	TOTAL BENEFICIAL OWNERSHIP	PERCENT OF CLASS
<S>	<C>	<C>	<C>	<C>
Richard D. Bailey, II	20,060<F4>	332	20,392<F4>	.23%
Robert K. Burch	20,408<F4>	2,513	22,921<F4>	.25
Louis A. Desenberg	8,367	26,746	35,113	.39
Merlin J. Hanson	212,324	--	212,324	2.34
Thomas T. Huff	51,014	--	51,014	.56
Wayne R. Koebel	23,549<F4>	--	23,549<F4>	.26
James E. LeBlanc	8,209	--	8,209	.09
L. Richard Marzke	38,059	--	38,059	.42
James R. Milroy	24,404<F4>	912	25,316<F4>	.28
James F. Murphy	44,467	60,676	105,143	1.16
Dan L. Smith	65,360<F4>	24,408	89,768<F4>	.99
Robert L. Starks	95,358	34,838	130,196	1.44
Jeffery H. Tobian	197,808	816	198,624	2.19
Ronald L. Zile	42,837	25,372	68,209	.75
All directors and executive officers as a group	852,224<F4>	176,613	1,028,837<F4>	11.36%

<FN>
<F1> The numbers of shares stated are based on information furnished by each person listed and include shares personally owned of record by that person and shares that under applicable regulations are considered to be otherwise beneficially owned by that person. Under these regulations, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power or dispositive power with respect to the security. Voting power includes the power to vote or direct the voting of the security.

Dispositive power includes the power to dispose or direct the disposition of the security. A person is also considered the beneficial

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owner of a security if the person has a right to acquire beneficial ownership of the security within 60 days. Shares held in fiduciary capacities by Shoreline Bank are not included unless otherwise indicated. Shoreline and the directors and officers of Shoreline and Shoreline Bank disclaim beneficial ownership of shares held by Shoreline Bank in fiduciary capacities.

<F2> These numbers include shares as to which the listed person is legally entitled to share voting or dispositive power by reason of joint ownership, trust or other contract or property right, and shares held by spouses and minor children over whom the listed person may have influence by reason of relationship. Shares held in fiduciary capacities by Shoreline Bank are not included unless otherwise indicated. The directors and officers of Shoreline and Shoreline Bank may, by reason of their positions, be in a position to influence the voting or disposition of shares held in trust by Shoreline Bank to some degree, but disclaim beneficial ownership of these shares.

<F3> These numbers consist of shares held in various fiduciary capacities through the trust department of Shoreline Bank. Shoreline and the directors and officers of Shoreline and Shoreline Bank disclaim beneficial ownership of these shares.

<F4> These numbers include shares of restricted Common Stock and shares of Common Stock that may be acquired through the exercise of stock options within 60 days. The right to exercise stock options vests over a five-year period. The number of shares subject to stock options that may be exercised within 60 days after December 31, 1998 by each listed person is shown below:

Mr. Bailey	7,546
Mr. Burch	3,371
Mr. Koebel	--
Mr. Milroy	10,999
Mr. Smith	--
All directors and executive officers as a group	21,916

</FN>
</TABLE>

DIRECTORS AND EXECUTIVE OFFICERS

Shoreline's Board of Directors is divided into three classes that are as nearly equal in number as possible. Each class of directors serves a successive three-year term of office. Three members of the present Board of Directors are standing for reelection to terms expiring in 2002.

Biographical information concerning Shoreline's directors and executive officers, including the three nominees who are nominated for election to the Board of Directors at the annual meeting, is presented below. Except as otherwise indicated, all directors and executive officers have had the same principal employment for over five years. Except as otherwise indicated, all directors and executive officers have held their positions with Shoreline since 1987. All executive officers are appointed annually and serve at the pleasure of the Board of Directors.

NOMINEES FOR ELECTION TO TERMS EXPIRING IN 2002

JAMES E. LEBLANC (age 56) retired in 1997 after serving as Chairman, President and Chief Executive Officer of Whirlpool Financial Corporation, a financial services company, and Corporate Vice President of Whirlpool Corporation, a manufacturer of kitchen and household appliances. He has been a director of Shoreline since 1993. Mr. LeBlanc has also been a director of Shoreline Bank or its predecessors since 1990.

JAMES F. MURPHY (age 68) retired on December 31, 1992, after serving as Chairman of the Board and Chief Executive Officer of Shoreline since 1987 and as Chairman of the Board of Inter-City Bank since 1978. Mr. Murphy has been a director of Shoreline Bank or its predecessors since 1972.

ROBERT L. STARKS (age 67) is Chairman of Kerley & Starks Funeral Homes, Inc. He has been a director of Shoreline Bank or its predecessors since 1983.

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DIRECTORS WITH TERMS EXPIRING IN 2001

THOMAS T. HUFF (age 56) is a partner in the law firm of Varnum, Riddering, Schmidt & Howlett LLP. He has been a director of Shoreline Bank or its predecessors since 1986.

L. RICHARD MARZKE (age 65) is President and Chief Executive Officer of Pri-Mar Petroleum, Inc., a wholesale and retail distributor of gasoline and other petroleum products and convenience store operator. He has been a director of Shoreline Bank or its predecessors since 1977.

DAN L. SMITH (age 63) is Chairman of the Board, President and Chief Executive Officer of Shoreline. Mr. Smith became Chairman of the Board and Chief Executive Officer on January 1, 1993, having previously served as President of the Corporation. Mr. Smith was Secretary of Shoreline until 1992. Mr. Smith has served as Chairman of the Board, President and Chief Executive Officer of Shoreline Bank since May 27, 1994. Before May 27, 1994, Mr. Smith had served as President of Inter-City Bank since 1978, Chief Executive Officer of Inter-City Bank since 1988, and a director of Inter-City Bank since 1972.

RONALD L. ZILE (age 66) retired on December 31, 1994, after serving as Vice Chairman of the Board of Shoreline since 1987 and Vice Chairman of the Board of Shoreline Bank since May 27, 1994. Before May 27, 1994, Mr. Zile had served as President and Chief Executive Officer of Citizens Trust and Savings Bank since 1979, Chairman of the Board of Citizens Trust and Savings Bank since 1984 and a director of Citizens since 1978.

DIRECTORS WITH TERMS EXPIRING IN 2000

LOUIS A. DESEMBERG (age 55) is a shareholder in the law firm of Desenberg & Colip, P.C. He has been a director of Shoreline Bank or its predecessors since 1978.

MERLIN J. HANSON (age 71) has been Chairman of the Board of Hanson Group, Inc., a diversified manufacturing company, since 1987. He has also been Chairman of the Board of Hanson Cold Storage Co., a refrigerated warehousing company, since 1991. He has been a director of Shoreline since 1991 and a director of Shoreline Bank or its predecessors since 1987.

JEFFERY H. TOBIAN (age 47) has been President of J.T. Investments, Inc., a personal investment company, since 1994. Before 1994, Mr. Tobian was the owner and President of Tobian Metals, Inc., a scrap metal company. Mr. Tobian has been a director of Shoreline since 1995.

EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS

RICHARD D. BAILEY, II (age 45) has been Senior Executive Vice President of Shoreline Bank since May 1998. Before May 1998, Mr. Bailey had served as Executive Vice President, and before May 1997 as Senior Vice President, of Shoreline Bank or its predecessors since 1993.

ROBERT K. BURCH (age 43) has been Executive Vice President of Shoreline Bank or its predecessors since 1992. Before 1992, he served Shoreline Bank or its predecessors in various other executive capacities.

WAYNE R. KOEBEL (age 52) is Executive Vice President, Chief Financial Officer and Treasurer of Shoreline. Mr. Koebel became Executive Vice President in August 1994. Before August 1994, Mr. Koebel had served as Senior Vice President of Shoreline. Mr. Koebel became Treasurer in January 1993 and served as Secretary of Shoreline from 1993 until 1998. Mr. Koebel has been Executive Vice President and Chief Financial Officer of Shoreline Bank since May 1994 and had served as Senior Vice President and Chief Financial Officer of Shoreline Bank's predecessors since 1986.

JAMES R. MILROY (age 38) has been Executive Vice President of Shoreline since May 1997 and Secretary of Shoreline and Senior Executive Vice President and Cashier of Shoreline Bank since May 1998. He previously served as Executive Vice President and Cashier of Shoreline Bank since May 1997, as Senior Vice President and Controller of Shoreline and Shoreline Bank or its predecessors from May 1993 until May 1997, and as Vice President and Controller of Shoreline and Shoreline Bank or its predecessors from 1990 until 1993.

BOARD COMMITTEES AND MEETINGS

The Shoreline Board of Directors has four standing committees:

AUDIT COMMITTEE. The Audit Committee is responsible for causing a suitable examination of the financial records and operations of Shoreline and Shoreline Bank to be made by the internal auditors of Shoreline and Shoreline Bank through a program of continuous internal audits. The Audit Committee recommends to Shoreline's Board of Directors independent certified public accountants for employment to examine the financial statements of Shoreline and make such additional examinations as the committee considers advisable. The Audit Committee also reviews reports of examination of Shoreline and Shoreline Bank received from regulatory authorities and reports to the Board of Directors at least once each calendar year the results of examinations made and such conclusions and recommendations as the committee considers appropriate. Directors Marzke, Starks and Zile presently serve on this committee. The Audit Committee met four times during 1998.

ORGANIZATION, COMPENSATION AND STOCK OPTION COMMITTEE. The Organization, Compensation and Stock Option Committee administers Shoreline's Retirement Plan, Profit-Sharing/401(k) Plan and bonus plan. This committee reviews key personnel policies and programs, including individual salaries of executive officers, and submits recommendations to the Board of Directors. This committee also serves as Shoreline's Stock Option Committee and administers Shoreline's 1989 Stock Option Plan and Shoreline's 1996 Stock Incentive Plan. In this capacity, the committee determines the persons to be granted options, restricted stock and rights, the amount of stock to be granted to each such person and the terms of the options, restricted stock and rights to be granted. Directors who are also employees of Shoreline or Shoreline Bank and who may participate in the plans that this committee administers may not serve on this committee. Directors Hanson, LeBlanc and Marzke presently serve on this committee. The Organization, Compensation and Stock Option Committee met five times during 1998.

NOMINATING COMMITTEE. The Nominating Committee considers nominees for election as directors of Shoreline submitted by any shareholder of record. Any shareholder desiring to nominate a candidate for director must deliver a notice to the Secretary of Shoreline, not less than 120 days prior to the meeting, setting forth (i) the name, age, business address and residence address of the nominee; (ii) the principal occupation or employment of the nominee; (iii) the number of shares of Common Stock beneficially owned by the nominee; (iv) a statement that the nominee is willing to be nominated and serve; and (v) such other information regarding the nominee as would be required under the rules of the Securities and Exchange Commission to be included in a proxy statement soliciting proxies for the election of the nominee. Directors Hanson, Huff, Murphy and Smith presently serve on this committee. The Nominating Committee did not meet during 1998.

STRATEGIC ISSUES COMMITTEE. The Strategic Issues Committee investigates and considers issues related to business expansion, lines of business and corporate structure. Directors Hanson, Huff, Marzke, Smith and Starks presently serve on this committee. The Strategic Issues Committee met three times during 1998.

During 1998, the Shoreline Board of Directors held four regular meetings and one special meeting. All directors except Messrs. Desenberg, Tobian and Zile attended at least 75 percent of the aggregate number of meetings of the Board of Directors and meetings of committees on which they served during the year.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended,

requires directors and officers of Shoreline and persons who beneficially own more than 10 percent of the outstanding shares of Common Stock to file reports of ownership and changes in ownership of shares of Common Stock with the Securities and Exchange Commission. Directors, officers and greater than 10 percent beneficial owners are required by Securities and Exchange Commission regulations to furnish Shoreline with copies of all Section 16(a) reports they file. Based on its review of the copies of such reports received by it or written representations from certain reporting persons that no Forms 5 were required for those persons, Shoreline believes that, except as described below, all applicable Section 16(a) reporting and filing requirements were satisfied from January 1, 1998, through December 31, 1998. One report that was timely filed for Mr. Hanson inadvertently omitted one transaction. An amended form was filed upon discovery of the omission. One report covering one transaction was filed late for each of Messrs. Desenberg, LeBlanc and Starks. Mr. Milroy failed to file one report covering one transaction. The transaction was reported on a Form 5 upon discovery.

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ORGANIZATION, COMPENSATION AND STOCK OPTION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Organization, Compensation and Stock Option Committee of Shoreline's Board of Directors (the "Committee") administers benefit plans, reviews Shoreline's key personnel policies and programs, including individual salaries of executive officers, and submits recommendations to the Board of Directors. Directors who are also employees of Shoreline or Shoreline Bank and who may participate in the plans that the Committee administers may not serve on the Committee.

Successful long-term financial performance and increasing shareholder value are Shoreline's primary corporate goals. Shoreline's executive compensation practices are intended to encourage successful financial performance and attract and retain talented key executives who are critical to the Corporation's long-term success.

Shoreline's executive compensation program consists of three components: base salary, annual cash incentive bonus opportunities and long-term incentives through awards of stock options and restricted stock. In determining the levels of some components, the Committee considers corporate performance alone. In determining the levels of other components, such as base salary and annual cash incentive bonus opportunities, the Committee will consider a number of factors in addition to corporate performance.

The Committee's primary goal in establishing base salary levels is to be competitive. The Committee establishes ranges for base salaries of executive officers by comparing the Corporation to other more or less comparable bank holding companies. In general, salaries paid to Shoreline executives have been closer to the median rather than either the high or low end of each range. Although corporate performance is considered by the committee in establishing base salary levels, corporate performance is not the most important factor. A discretionary assessment of job performance is another factor considered by the Committee in establishing base salary

levels.

Annual cash incentive bonuses are based upon performance at three levels: corporate, business unit and individual. The weighting of each level of assessment for each participant is approved annually by the Committee. During 1998, Mr. Smith's cash incentive bonus was based 100 percent on corporate performance, while the cash incentive bonus for the four other named executives was based 60 percent on corporate performance, 30 percent on business unit performance and 10 percent on individual performance. Target awards are established by the Committee for each participant in the cash incentive plan. Target awards range from 10 percent to 50 percent of base salary, with Mr. Smith being the only officer targeted at the 50 percent level.

Long-term incentives are provided to reward executives for achieving the long-term goal of increasing shareholder value. In 1998, all of Shoreline's long-term incentives involved awards of restricted stock. Stock ownership is considered important. Through stock ownership, the interests of executives are joined with those of the shareholders. Under Shoreline's Stock Incentive Plan of 1996, executives are rewarded for the enhancement of shareholder value through the increase in the value of shares received. During 1998, the Committee made the following awards of shares of restricted stock: Mr. Smith -- 6,000 shares; Mr. Bailey -- 4,000 shares; Mr. Milroy -- 4,000 shares; Mr. Koebel -- 3,000 shares; and Mr. Burch -- 2,000 shares. These shares vest, based upon corporate performance, over a five to seven year period.

Shoreline generally maintains a conservative level of perquisites and personal benefits. The dollar value of perquisites and personal benefits provided to executive officers does not exceed 10 percent of the applicable executive officer's annual salary and bonus.

Dan L. Smith, Shoreline's Chairman, President and Chief Executive Officer during 1998, also serves as Chairman, President and Chief Executive Officer of Shoreline Bank. In determining Mr. Smith's base salary for 1998, the Committee acknowledged the effectiveness of Mr. Smith's leadership in directing corporate growth and in delivering consistently strong financial performance. The year ended 1997 represented the seventh consecutive year of record earnings per share, and total shareholder return approximated 15 percent for the year. In setting his 1998 salary at \$275,000, the Committee's goal was to make Mr. Smith's compensation comparable to that of chief executive officers of other high-performing bank holding companies with assets of \$500 million to \$1 billion. Mr. Smith's 1998 incentive bonus was based entirely on corporate performance as measured by Shoreline's return on equity. Mr. Smith was not awarded any stock options during 1998, but he was awarded 6,000 shares of restricted stock.

In 1993, Congress amended the federal Internal Revenue Code to add Section 162(m). Section 162(m) provides that publicly held corporations may not deduct compensation paid to certain executive officers in excess of

\$1 million annually, with certain exemptions. Shoreline has examined its executive compensation policies in light of Section 162(m) and the regulations that have been issued by the Internal Revenue Service to implement that section. It is not expected that any portion of the Corporation's deductions for employee remuneration will be disallowed in 1999 or in future years by reason of actions expected to be taken in 1999.

During 1998, all recommendations of the Committee were approved by the Board of Directors without modification.

Respectfully submitted,

James E. LeBlanc, Chairman
 Merlin J. Hanson
 L. Richard Marzke

STOCK PERFORMANCE

The following graph compares the cumulative total shareholder return on Shoreline Common Stock to the Standard & Poor's 500 Stock Index and the KBW 50 Index. The Standard & Poor's 500 Stock Index is a broad equity market index published by Standard & Poor's. The KBW 50 Index is a market capitalization weighted bank stock index published by Keefe, Bruyette & Woods, Inc., an investment banking firm that specializes in the banking industry. The KBW 50 Index is composed of 50 money center and regional bank holding companies. The Standard & Poor's 500 Stock Index and the KBW 50 Index both assume dividend reinvestment. Cumulative total return is measured by dividing the sum of the cumulative amount of dividends for the measurement period, assuming dividend reinvestment, and the difference between the share price at the end and the beginning of the measurement period by the share price at the beginning of the measurement period.

STOCK PERFORMANCE GRAPH
 Five Year Cumulative Total Shareholder Return

[STOCK PERFORMANCE GRAPH]

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The dollar values for total shareholder return plotted in the graph above are shown in the table below:

<TABLE>
 <CAPTION>

	DECEMBER 31, -----	SHORELINE -----	KBW 50 -----	S & P 500 -----
<S>	<C>	<C>	<C>	<C>
	1993	\$ 100.0	\$ 100.0	\$ 100.0
	1994	89.6	94.9	101.3
	1995	108.4	152.0	139.4
	1996	145.2	215.0	171.4
	1997	248.8	314.3	228.6
	1998	269.1	340.3	293.9

</TABLE>

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

The following table shows certain information concerning the compensation for services rendered during each of the three years in the period ended December 31, 1998, by the Chief Executive Officer and each other executive officer of Shoreline. Each executive officer was

compensated by Shoreline Bank in the capacity indicated in the table.

<TABLE>

SUMMARY COMPENSATION TABLE

<CAPTION>

NAME AND PRINCIPAL POSITION<F1> -----	YEAR ----	ANNUAL COMPENSATION -----		LONG-TERM COMPENSATION -----		
		SALARY<F2> -----	BONUS<F3> -----	AWARDS -----		
				RESTRICTED STOCK AWARDS<F4> -----	NUMBER OF SHARES UNDERLYING OPTIONS -----	ALL OTHER COMPENSATION<F5> -----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Dan L. Smith	1998	\$ 289,000	\$116,875	\$ 180,000	--	\$ 13,861
Chairman of the Board,	1997	267,000	99,450	121,250	--	14,126
President and Chief Executive Officer of Shoreline and Shoreline Bank	1996	240,500	89,700	--	--	14,226
Richard D. Bailey, II	1998	110,000	40,590	120,000	--	11,751
Senior Executive Vice President	1997	100,000	39,000	121,250	--	11,055
of Shoreline Bank	1996	87,833	35,100	--	8,738	9,897
James R. Milroy	1998	106,104	42,460	120,000	--	11,214
Executive Vice President	1997	89,750	35,685	121,250	--	9,897
and Secretary of Shoreline and Senior Executive Vice President and Cashier of Shoreline Bank	1996	78,000	31,200	--	--	8,078
Robert K. Burch	1998	107,182	39,986	60,000	--	11,638
Executive Vice President	1997	102,078	39,810	121,250	--	11,398
of Shoreline Bank	1996	95,400	37,206	--	--	10,834
Wayne R. Koebel	1998	135,200	47,255	90,000	--	12,479
Executive Vice President,	1997	130,000	50,700	121,250	--	12,680
Chief Financial Officer and Treasurer of Shoreline and Executive Vice President and Chief Financial Officer of Shoreline Bank	1996	120,000	46,800	--	--	12,116

<FN>

<F1> Capacities indicated are those in which a majority of compensation was paid if capacities changed during the year. All of Shoreline's executive officers also serve as executive officers of Shoreline Bank.

<F2> Includes compensation deferred under Shoreline's Profit-Sharing/401(k) Plan and director fees paid by Shoreline and Shoreline Bank to Mr. Smith.

<F3> Includes compensation deferred under Shoreline's Profit-Sharing/401(k) Plan.

<F4> The values of restricted stock awards reported in this column are calculated using the closing market price of Common Stock on the date of grant. As of the end of Shoreline's 1998 fiscal year, each of the named executive officers held shares of restricted stock. Dividends will be paid on shares of restricted stock at the same rate dividends are paid on Common Stock. The number of shares of restricted stock held by each named individual and the aggregate value of those shares at the end of Shoreline's 1998 fiscal year, without giving effect to the diminution of value attributable to the restrictions on the stock, are set forth below:

	NUMBER OF SHARES	AGGREGATE VALUE
	-----	-----
Mr. Smith	12,300	\$324,413
Mr. Bailey	10,300	271,663
Mr. Milroy	10,300	271,663
Mr. Burch	8,300	218,913
Mr. Koebel	9,300	245,288

These awards vest over a period of five to seven years dependent upon corporate performance, with the maximum that may vest in any single year under each award equal to 20 percent of the total number of shares subject to that award.

<F5> All other compensation includes: (i) 401(k) matching contributions by Shoreline under the Shoreline Profit-Sharing/401(k) Plan; and (ii) profit-sharing contributions by Shoreline under the Shoreline Profit-Sharing/401(k) Plan. The amounts included for each such factor for 1998 are:

	(I)	(II)
	-----	-----
Mr. Smith	\$ 4,199	\$9,662
Mr. Bailey	2,753	8,998
Mr. Milroy	2,652	8,562
Mr. Burch	2,761	8,877
Mr. Koebel	2,817	9,662

</FN>

</TABLE>

Shoreline's 1989 Stock Option Plan provides that options to purchase shares of Common Stock and related tax benefit rights may be granted to officers and other key employees of Shoreline and Shoreline Bank. Shoreline's Stock Incentive Plan of 1996 (the "1996 Plan") provides that stock options, restricted stock and tax benefit rights may be granted to officers and other key employees of Shoreline and Shoreline Bank. A stock option entitles the recipient to purchase shares of Common Stock for a specified period of time at a specified price. Subject to certain restrictions, the Organization, Compensation and Stock Option Committee of Shoreline's Board of Directors determines who will be granted options, the number of shares subject to each option, the form of consideration that may be paid upon exercise of an option and other matters related to the plans. Tax benefit rights granted under the plans entitle a recipient to receive a cash payment upon the exercise of a related option. No tax benefit rights have been awarded under the plans. Restricted stock awarded under the 1996 Plan is subject to such terms, conditions and restrictions as the Organization, Compensation and Stock Option Committee may from time to time determine.

The following tables set forth information concerning stock options exercised by the specified individuals during 1998 and options held by such individuals at December 31, 1998. No stock options were granted to the named executive officers during 1998.

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<TABLE>

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR-END OPTION VALUES

<CAPTION>

NAME	NUMBER OF SHARES		NUMBER OF SHARES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR-END			VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR-END<F1>		
	ACQUIRED ON EXERCISE	VALUE REALIZED	EXERCISABLE/UNEXERCISABLE			EXERCISABLE/UNEXERCISABLE		
<S>	<C>	<C>	<C>			<C>		
Dan L. Smith	3,608	\$105,281	--	/	--	\$	--	/ \$ --
Richard D. Bailey, II	1,185	15,055	7,546	/	5,031	99,645	/	66,434
James R. Milroy	1,679	40,424	10,999	/	--	168,670	/	--
Robert K. Burch	3,500	74,139	3,371	/	--	72,460	/	--
Wayne R. Koebel	4,000	118,720	--	/	--	--	/	--

<FN>

<F1> The value of options is based on the trading value of Shoreline Common Stock of \$26.375 per share as of the close of business on December 31, 1998.

</FN>

</TABLE>

Shoreline adopted a defined benefit pension plan effective January 1, 1989. The plan was established through a merger of two separate defined benefit pension plans previously maintained by Inter-City Bank and Citizens Trust and Savings Bank. Executive officers of

Shoreline or Shoreline Bank who satisfy certain eligibility requirements are participants in the plan. The plan provides no vesting until a participant has completed five years of credited service, at which time the participant becomes 100 percent vested. All participants in the plan receive credit for vesting purposes for all periods of prior service with Inter-City or Citizens. The Internal Revenue Code of 1986, as amended (the "Code") imposes certain limitations on the amount of compensation that may be considered in determining benefits payable and that may actually be paid under qualified defined benefit plans. In 1995, Shoreline adopted a nonqualified supplemental pension plan applicable to certain executive officers and management employees of Shoreline, including Mr. Smith. Under the supplemental pension plan, participants will receive supplemental retirement benefits equal to the difference between the benefits to which they are entitled under the qualified pension plan and the benefits to which they would have been entitled under that plan if those benefits were based on compensation including compensation deferred by the participant and if the limits on compensation and benefits specified in the Code did not apply.

The following table illustrates the projected combined annual pension benefit payable under the qualified pension plan and the supplemental pension plan to Shoreline's executive officers upon retirement at age 65 at the annual levels of average remuneration and years of service indicated:

<TABLE>

PENSION PLAN TABLE

<CAPTION>

	AVERAGE REMUNERATION	YEARS OF SERVICE				
		10	15	20	25	30 OR MORE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
	\$100,000	\$13,350	\$ 20,025	\$ 26,700	\$ 33,375	\$ 40,050
	150,000	20,350	30,525	40,700	50,875	61,050
	200,000	27,350	41,025	54,700	68,375	82,050
	250,000	34,350	51,525	68,700	85,875	103,050
	300,000	41,350	62,025	82,700	103,375	124,050
	350,000	48,350	72,525	96,700	120,875	145,050
	400,000	55,350	83,025	110,700	138,375	166,050
	450,000	62,350	93,525	124,700	155,875	187,050
	500,000	69,350	104,025	138,700	173,375	208,050

</TABLE>

As of March 16, 1999, Mr. Smith had 30 years of service under the plans, Mr. Koebel had 21 years of service under the qualified plan, Mr. Burch had 13 years of service under the qualified plan, Mr. Bailey had five years of service under the qualified plan and Mr. Milroy had nine years of service under the qualified plan. Pension benefits under the plans are payable monthly under a 10 year certain and life annuity. Participants may elect upon

retirement to receive a lump-sum payment equal to the present value of benefits payable under the plans. Benefits are based on the average of the highest compensation received by a participant during any period of five consecutive years within the last 10 years prior to the participant's retirement ("average remuneration"). The compensation covered by the plans is the participant's gross salary, wages and other compensation, including any elective deferrals that are excluded from gross income. Covered compensation for the five individuals named in the Summary Compensation Table is substantially the same as the aggregate amount reported as "Annual Compensation" in that table.

The benefits shown in the above table are based upon 0.75 percent of a participant's average remuneration, multiplied by the number of the participant's years of credited service for benefits (subject to a maximum of 30 years), plus 0.65 percent of the participant's excess average remuneration (determined by reference to the Social Security wage base), multiplied by the number of the participant's years of credited service for benefits (subject to a maximum of 30 years). The above benefits are not reduced by primary Social Security payments.

The Shoreline defined benefit plan also contains a "grandfather" provision under which participants may receive a pension benefit based upon their accrued benefit as of December 31, 1988, under the defined benefit plan previously maintained by Inter-City Bank or Citizens Trust and Savings Bank, as the case may be, if that accrued benefit would exceed the pension benefits determined under the other provisions of the Shoreline defined benefit plan described above. Certain individuals who previously participated in the Citizens defined benefit plan and who had attained age 45 and had at least 10 years of credited service for benefits as of December 31, 1988, or who had attained age 55 and had at least five years of credited service for benefits as of December 31, 1988, have entered into agreements with Citizens (now Shoreline Bank) regarding their retirement benefits. Under these agreements, periodic payments are made to these individuals following retirement that, when added to their retirement benefit under the Shoreline defined benefit plan, will provide a total retirement benefit equal to that which they would have received under the Citizens plan.

Dan L. Smith and Wayne R. Koebel have employment agreements with Shoreline. Under these agreements, each individual is to serve Shoreline and Shoreline Bank in his present capacities. Salaries under the agreements are to be determined by the Organization, Compensation and Stock Option Committee of Shoreline's Board of Directors and may be paid either by Shoreline or Shoreline Bank. The individual's salary may not be reduced without his consent, except pursuant to a general decrease in the salaries of all senior officers of Shoreline. Upon termination of his employment by Shoreline without

"cause" or by the individual for "good reason" (as these terms are defined in the agreements), the individual is entitled to receive monthly severance payments equal to the average of his aggregate monthly cash compensation received from Shoreline and Shoreline Bank during the five fiscal years preceding termination, any bonus that was or would have been accrued by Shoreline or Shoreline Bank on the date of termination and continued participation in the employee benefit plans of Shoreline or Shoreline Bank for the period during which severance payments are required to be made. Under Mr. Smith's agreement, such severance payments are payable for a number of months equal to the number of years Mr. Smith has been employed by Shoreline or any of its subsidiary banks. Under Mr. Koebel's agreement, such severance payments are payable for a minimum of 36 months only if termination occurs within three years following a change in control of Shoreline.

During 1998, Shoreline and Shoreline Bank compensated their respective directors at the rate of \$7,000 per year, and directors who were not executive officers of Shoreline or Shoreline Bank also received \$450 per regular board meeting attended and \$450 per committee meeting attended, except that committee chairmen received \$500 per committee meeting attended. Shoreline Bank has entered into deferred compensation agreements with certain of its directors under which payments will be made to these directors after their retirement.

Shoreline adopted a Director's Deferred Compensation Plan effective July 1, 1996. Under that plan, directors of Shoreline or Shoreline Bank who are not employees of Shoreline or Shoreline Bank may elect at the beginning of each year to defer payment of either all or 50 percent of any fees payable to them for service as directors of Shoreline or Shoreline Bank during the year. Amounts deferred under the plan are payable, at the election of each director, to the director or his or her designated beneficiary in a lump sum within 30 days of the date of termination as a director, in a lump sum on a date determined by the director not to exceed six years after the date of termination as a director or in five annual installments beginning on the first anniversary of the date of termination as a director.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Directors and officers of Shoreline and their associates were customers of and had transactions with Shoreline Bank in the ordinary course of business between January 1, 1998, and March 16, 1999. It is anticipated that such transactions will take place in the future in the ordinary course of business. All loans and commitments included in such transactions were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectibility or present other unfavorable features.

During 1998, Shoreline and Shoreline Bank paid legal fees to the law firms of Desenberg & Colip, P.C., of which Mr. Desenberg is a shareholder, and Varnum, Riddering, Schmidt & Howlett LLP, of which Mr. Huff is a partner. The fees paid by Shoreline and Shoreline Bank to each of these firms did not exceed five percent of the applicable firm's gross revenues for its last full fiscal year.

INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors has again selected Crowe, Chizek and Company LLP, certified public accountants, as Shoreline's principal accountant for 1999. A representative of Crowe, Chizek and Company LLP is expected to be present at the annual meeting, will have an opportunity to make a statement and is expected to be available to respond to appropriate questions.

PROPOSALS OF SHAREHOLDERS

Proposals of shareholders that are intended to be presented at

the annual meeting in the year 2000 and that a shareholder would like to have included in the proxy statement and form of proxy relating to that meeting must be received by Shoreline for consideration by November 25, 1999. Such proposals of shareholders should be made in accordance with Securities and Exchange Commission Rule 14a-8. All other proposals of shareholders that are intended to be presented at the annual meeting in the year 2000 must be received by Shoreline by February 24, 2000 or they will be considered untimely.

FORM 10-K REPORT AVAILABLE

SHORELINE'S ANNUAL REPORT ON FORM 10-K TO THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES, WILL BE PROVIDED WITHOUT CHARGE TO SHAREHOLDERS UPON WRITTEN REQUEST. REQUESTS SHOULD BE DIRECTED TO MR. WAYNE R. KOEBEL, EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER AND TREASURER, SHORELINE FINANCIAL CORPORATION, 823 RIVERVIEW DRIVE, BENTON HARBOR, MICHIGAN 49022.

LOGO

SHORELINE FINANCIAL CORPORATION

ANNUAL MEETING OF SHAREHOLDERS

THURSDAY, MAY 13, 1999

2:30 P.M.

MENDEL CENTER AT LAKE MICHIGAN COLLEGE

2755 E. NAPIER AVENUE

BENTON HARBOR, MICHIGAN

SHORELINE FINANCIAL CORPORATION

823 RIVERVIEW DRIVE

BENTON HARBOR, MICHIGAN 49022

PROXY

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS. IF THIS PROXY IS PROPERLY EXECUTED AND DELIVERED, THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS SPECIFIED. IF NO SPECIFICATION IS MADE, THE SHARES WILL BE VOTED FOR ELECTION OF ALL NOMINEES NAMED ON THIS PROXY. THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED IN THE DISCRETION OF THE PROXIES ON ANY OTHER MATTERS THAT MAY COME BEFORE THE MEETING OR ANY ADJOURNMENT OF THE MEETING.

The undersigned shareholder appoints Dan L. Smith and Wayne R. Koebel, or either of them, each with the power to appoint his substitute, attorneys and proxies to represent the shareholder and to vote and act, with respect to all shares that the shareholder would be entitled to vote at the annual meeting of shareholders of Shoreline Financial Corporation referred to on this proxy and at any adjournment of that meeting, on all matters that come before the meeting.

IMPORTANT! - PLEASE DATE AND SIGN THE OTHER SIDE.

VOTE BY MAIL

MARK, SIGN AND DATE YOUR PROXY CARD AND RETURN IT IN THE POSTAGE-PAID ENVELOPE WE'VE PROVIDED OR RETURN IT TO SHORELINE FINANCIAL CORPORATION, C/O SHAREOWNER SERVICES<Service Mark>, P.O. BOX 64873, ST. PAUL, MN 55164-0873.

- PLEASE DETACH HERE -

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES.

<TABLE>

<CAPTION>

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1. Election of Directors:	01 James E. LaBlanc	[] FOR all nominees	[] WITHHOLD AUTHORITY
	02 James F. Murphy	listed (except	to vote for all nominees
	03 Robert L. Starks	as indicated below)	

</TABLE>

(INSTRUCTION: TO WITHHOLD AUTHORITY
TO VOTE FOR ANY INDIVIDUAL NOMINEE, [_____]
WRITE THAT NOMINEE'S NAME IN THE
SPACE PROVIDED TO THE RIGHT.)

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO
DIRECTION IS GIVEN, WILL BE VOTED FOR EACH PROPOSAL.

Address Change? Mark Box []
Indicate changes below:

Dated: _____, 1999

[_____]

Signature(s) in Box
Please sign exactly as your
name appears on this proxy.
If signing for estates, trusts
or corporations, title or
capacity should be stated. If
shares are held jointly, each
holder should sign.