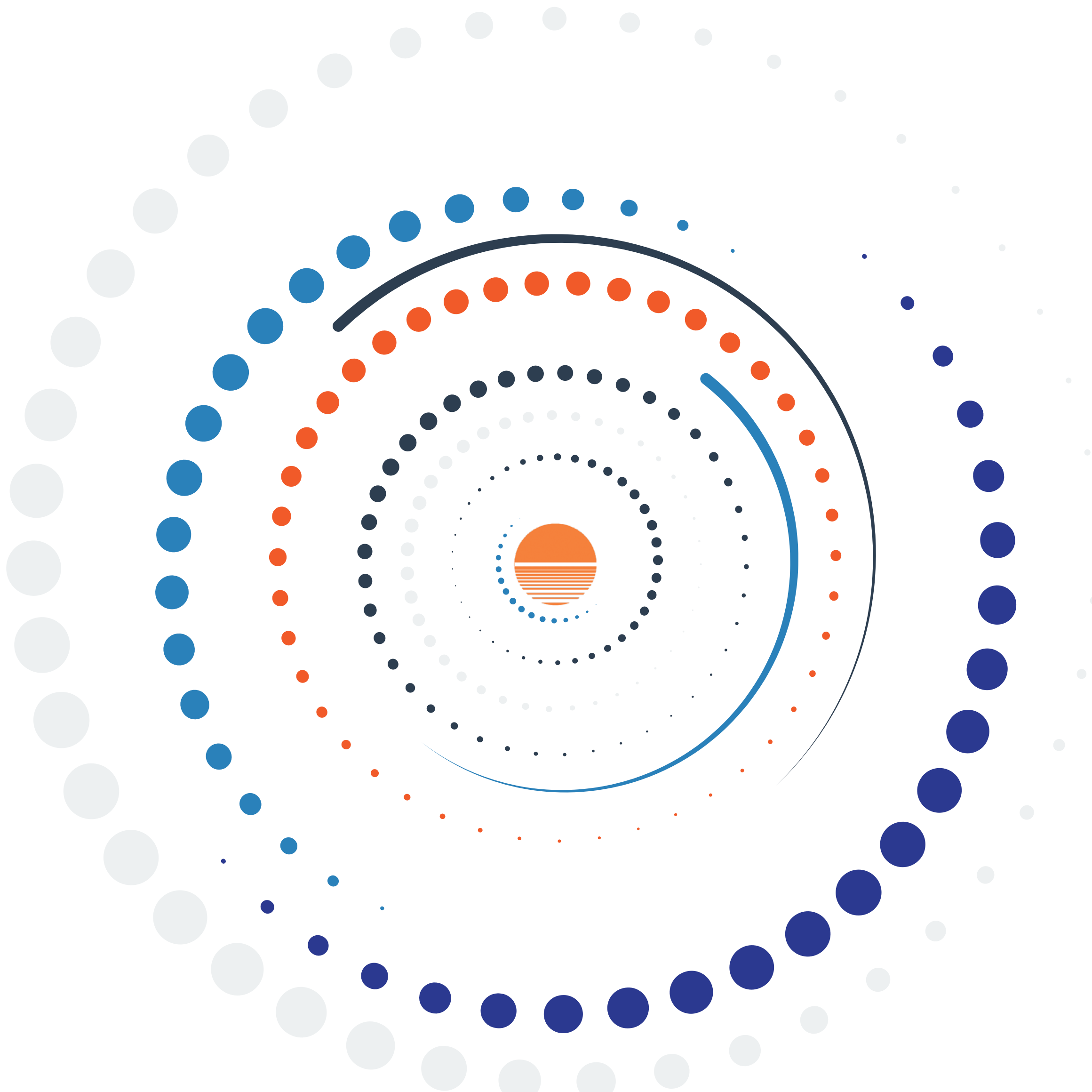


2024 ANNUAL REPORT

Eastern Michigan Financial Corporation

MISSION STATEMENT

To continue as a progressive and growing community bank, serving our communities by offering a wide range of competitive services for our customers, resulting in a profitable organization, enabling us to build capital, pay appropriate dividends to our stockholders and competitive salaries to our employees.

CORE VALUES

We take great pride in being a community bank. At the center of our value system is our core commitment to provide value driven products and courteous service delivered by a caring and professional staff. After all, we're not just in the "banking business," we're in the business of financing people's lives and dreams – a responsibility we don't take lightly.

OUR PROMISE

We promise our customers they can rely on us to listen to their needs and try to provide solutions. We also promise to always practice discretion and tact when it comes to personal or professional financial issues and to treat our customers with respect, dignity and integrity, all while doing our best to help them reach their financial goals.

2024 ANNUAL REPORT

GENERAL INFORMATION

Eastern Michigan Financial Corporation is the holding company for Eastern Michigan Bank, a full service community bank with offices in Croswell, Deckerville, Fort Gratiot, Lakeport, Lexington, Marine City, Marysville, Port Huron, Ruth and Sandusky.

CORPORATE HEADQUARTERS

Eastern Michigan Financial Corporation
65. N. Howard Avenue
Croswell, Michigan 48422

INVESTOR RELATIONS CONTACT

Errin Levitt, Senior Vice President,
Chief Financial Officer
Eastern Michigan Financial Corporation
65 N. Howard Avenue
Croswell, Michigan 48422
810.398.5135

INDEPENDENT AUDITORS

Rehmann Robson
5800 Gratiot, Suite 201
Saginaw, Michigan 48638
989.799.9580

TRANSFER AGENT AND REGISTRAR

Computershare Shareholder Services
P.O. Box 30170
College Station, Texas 77842-3170
800.368.5948

STOCK SYMBOL

Over-the-Counter Bulletin Board: EFIN

ANNUAL MEETING

The Eastern Michigan Financial Corporation annual meeting of company shareholders is scheduled for Tuesday, April 15, 2025 at 5:30pm and will be held at Lakeview Hills Golf Resort, 6560 E. Peck Road, Lexington, Michigan 48450

BOARD OF DIRECTORS

Timothy Ward, Chairperson
Retired Chief Executive Officer
Eastern Michigan Bank, Croswell

William Oldford, Jr., Vice Chairperson
President and Chief Executive Officer
Eastern Michigan Bank, Croswell

Lisa Disser
Controller
Gielow Pickles, Inc., and
Gielow Logistics, LLC, Lexington

Karen Flanagan
Farmer
Sandusky

Patricia Manley
Partner
McBride-Manley & Company, P.C
Marine City

Anthony Roggenbuck
President, D&D Farms, Inc., Ruth
Owner-Operator, Trucker T's Transport, LLC, Ubly

Patricia Ryan
Retired Partner
Frohm, Kelley, Butler & Ryan, P.C.,
Port Huron

Steven Schweihofer
Former Chief Financial Officer
Foster Blue Water Oil, Richmond

Michael Wendling
Prosecuting Attorney
St. Clair County

IN MEMORIAM

DONNA NIESTER
(1956 - 2024)

We are saddened by the passing of Donna Niester on October 6, 2024. Donna Niester was appointed to the Boards of Directors of Eastern Michigan Financial Corporation and Eastern Michigan Bank in April 2019 and has faithfully served our organization for the past five years. She was a strong advocate and supporter of Eastern Michigan Bank.

Donna was Chief Executive Officer of Acheson Ventures, LLC, Trustee of the James C. Acheson Foundation, and a certified public accountant of over 40 years. Prior to joining Acheson Ventures in 2000, she was a partner in the Port Huron accounting firm of Austin, Niester, Schweihofer & Finnegan, PC.

Donna had a long and distinguished record of service to the Port Huron community. She was the first woman board chair of the Community Foundation of St. Clair County, a past trustee of the McLaren Port Huron Hospital Board of Directors, and chairperson of the hospital's Audit Committee. She was also a past member of the Michigan Community Service Commission, past chair of the Port Huron Hospital Foundation, and past president of the Port Huron Golf Club.

Donna was instrumental in the development of Studio 1219 and the Blue Water River Walk and was a founding member of the Community Foundation of St. Clair County's Women's Initiative. She received numerous awards and recognitions in her lifetime, including being named one of Crain's Detroit Business's 100 Most Influential Women (2016) and a Northwood University Distinguished Women Honoree (2014). In 2024, she received a Lifetime Achievement Award from the Community Foundation and a Spirit of Port Huron Award from the City of Port Huron.

BOARD APPOINTMENT

Patricia Manley
Partner
McBride-Manley & Company, P.C
Marine City

The Board of Directors of Eastern Michigan Financial Corporation is pleased to announce the appointment of Patricia Manley as a director of Eastern Michigan Financial Corporation and its wholly owned subsidiary, Eastern Michigan Bank.

Ms. Manley is the Director of Accounting Services for McBride – Manley & Company, P.C., a certified public accounting firm in Marine City. She has over 40 years of experience in tax and accounting consulting, governmental auditing, and management advisory services for clients in various industries, and is also a member of the American Institute of Certified Public Accountants and the Michigan Institute of Certified Public Accountants.

Patti is very active in the local community, currently serving as Chair of the Board of Trustees and the Strategic Priorities Committee for the Community Foundation of St. Clair County and as a member of the Finance Committee. She is also a past Board of Trustees treasurer and Finance Committee chair for the United Way of St. Clair County and a past Board of Trustees vice-chair and Finance Committee chair for St. John's Providence East Region.

Over the course of her career, Patti has received a number of awards, including recognition by the National Association of Career Women as Career Woman of the Year, by St. John-Providence River District Hospital as Community Leader of the Year, by the United Way of St. Clair County as Volunteer of the Year, and by the State of Michigan as a Small Business Advocate in Accounting.

"We are so pleased to welcome Patti Manley to our board," stated Eastern Michigan Bank President and Chief Executive Officer Will Oldford. "Her experience as a CPA and enthusiasm for community service are excellent fits with our culture as an organization. Her longstanding professional presence in the Marine City area is a welcome addition given our recent branch expansion into that market."

Ms. Manley will fill the seat left vacant by the untimely death of Donna Niester in October. The directors, officers, and staff of Eastern Michigan Bank all welcome Ms. Manley to the organization and look forward to her contributions.

OFFICERS

EASTERN MICHIGAN FINANCIAL CORPORATION OFFICERS

William Oldford, Jr. | President and Chief Executive Officer
Stacie Bales | Senior Vice President, Chief Operating Officer
Kimberly Bowman | Senior Vice President, Chief Retail Officer
Chad Deaner | Senior Vice President, Chief Lending Officer
Errin Levitt | Senior Vice President, Chief Financial Officer

EASTERN MICHIGAN BANK SENIOR MANAGEMENT OFFICERS

William Oldford, Jr. | President and Chief Executive Officer
Stacie Bales | Senior Vice President, Chief Operating Officer
Kimberly Bowman | Senior Vice President, Chief Retail Officer
Chad Deaner | Senior Vice President, Chief Lending Officer
Errin Levitt | Senior Vice President, Chief Financial Officer

EASTERN MICHIGAN BANK VICE PRESIDENTS

Scott Badley | Commercial Loan Officer
Joseph Brown | Appraiser
Christopher Flann | Commercial Loan Manager
Audra Levitte | Director of Human Resources
Alexander Messing | Commercial Loan Officer
L. Michael O'Vell | Consumer Loan Manager and Security Officer
Joseph Pink | Information Technology Manager and Chief Information Security Officer
Tammy Williford | Marketing and Compliance Officer
Jay Wofford | Commercial Loan Officer

OFFICER PROMOTIONS AND NEW HIRES

OFFICER PROMOTIONS

Kimberly Bowman
Senior Vice President,
Chief Retail Officer

In February 2024, Vice President, Retail Banking Manager Kimberly Bowman was promoted to Senior Vice President, Chief Retail Officer.

Ms. Bowman joined Eastern Michigan Bank in 2016 as Assistant Vice President, Branch Manager of the Port Huron – Water Street location. In 2020, she was promoted to Vice President, Retail Banking Manager and became responsible for overall branch operations, including business development, customer service, and risk management.

Kim has over 20 years of banking experience and a bachelor's degree in criminal justice from Wayne State University. She is active in her local community, currently serving as President of the Landmark Academy Board of Education and Vice Chair of the Port Huron Township Downtown Development Authority.

In February 2024, Commercial Loan Officer Dan Hale was promoted to Assistant Vice President, Commercial Loan Officer.

Mr. Hale joined the Bank in January 2021 as a loan officer trainee. In his current role, he serves business and agricultural customers across Sanilac and Huron Counties.

Dan graduated from Michigan State University with a bachelor's degree in agribusiness management, a minor in agronomy, and a certificate in agricultural technology. He is actively involved in the local community, currently serving as a Young Farmers spokesperson for Michigan Farm Bureau and a junior varsity basketball coach for Sandusky High School.

Daniel Hale
Assistant Vice President,
Commercial Loan Officer

Jasmine Williams
Assistant Vice President,
Commercial Loan Officer

In February 2024, Commercial Loan Officer Jasmine Williams was promoted to Assistant Vice President, Commercial Loan Officer.

Ms. Williams began her career at Eastern Michigan Bank in 2013 and has held various positions of increasing responsibility in the commercial loan area, including Credit Analyst (2016-2018), Senior Credit Analyst (2018 -2020), and Commercial Portfolio Officer (2020-2021). She was promoted to Commercial Loan Officer in 2021.

In addition to her banking experience, Jasmine holds a Bachelor of Business Administration degree from Walsh College with a major in finance. She is also a board member of the Blue Water Young Professionals and SC4 Foundation and serves on the Grants Committee at the St. Clair County Community Foundation.

OFFICER NEW HIRES

Karen Davis
Aassistant Vice President,
Operations Manager

In August 2024, Karen Davis joined the administration team at Eastern Michigan Bank (Bank) in the newly created role of Assistant Vice President, Operations Manager.

Under the direction of our senior management team, Ms. Davis supervises the Bank's deposit and loan operations staff, working to ensure that existing procedures and workflows are in place to meet business and regulatory requirements while identifying, developing, and recommending new processes to improve efficiency and customer service.

Karen has almost 30 years of community banking experience, including 20 years focused on operations management. She also co-owns a topsoil and compost business in the Carsonville area with her husband.

In July 2024, Jay Wofford rejoined the commercial loan teamat Eastern Michigan Bank as Vice President, Commercial Loan Officer at our Port Huron - Military Street office.

Jay is a seasoned commercial loan officer who worked for the Bank for many years prior. He holds a Bachelor of Business Administration degree from the University of Michigan and is a current member of the Noon Optimist Club of Port Huron, as well as a past president and secretary.

Jay Wofford
Vice President,
Commercial Loan Officer

LETTER TO SHAREHOLDERS

Dear Valued Shareholders,

For the second year in a row and the fourth time in the last five, Eastern Michigan Financial Corporation (Company) has achieved record earnings. This remarkable achievement is a testament to our strong financial foundation, strategic vision, focused employees, and unwavering commitment to serving our customers and communities.

Financial Performance & Growth
In 2024, the Company reported record net earnings of $7.0 million, a 13.8% increase over the previous year. Total assets ended the year at $521.0 million due to strong loan demand, steady deposits, and, most importantly, disciplined financial management.

Key financial highlights include:

- **Margin Expansion:** Net Interest Margin improved from 3.43% to 4.08%. Unlike many competing banks, our margin continues to expand, driven by growth and the repricing of maturing loans and investments.

- **Cost of Funds:** Our average Cost of Funds remains one of the lowest in the nation at 0.53%.

- **Return on Assets (ROA) and Return on Equity (ROE):** Our ROA improved to 1.33%, compared to 1.15% for 2023. ROE declined slightly to 16.24%, down from 17.33%.

- **Credit quality remains strong,** with non-performing assets exceptionally low at 1.00% of total loans.

Looking ahead to the remainder of 2025, we are confident in our ability to build on this momentum and anticipate another successful year.

New Branch Open in Marine City
We are thrilled to announce the opening of a new branch in Marine City in late 2024. Expansion into this market area further strengthens our regional presence and reinforces our mission of delivering exceptional, community-based financial solutions to individuals, businesses, and organizations.

Honoring Donna Niester
As we celebrate our continued success, we must also take a moment to honor the memory of Donna Niester, a devoted member of our Board of Directors who passed away in October 2024. Donna's leadership, wisdom, and commitment helped shape this Company into the strong organization it is today. Her dedication to our mission and service to her community will never be forgotten, and we are incredibly grateful for her lasting impact.

LETTER TO SHAREHOLDERS (CON'T)

Welcome Patricia Manley
We are pleased to welcome Patricia Manley to our Board of Directors. Patti is a Certified Public Accountant based in Marine City and brings a wealth of financial expertise, leadership experience, and deep commitment to community to this role. Her insight and guidance will be invaluable as we continue to grow and expand our service footprint. We look forward to her contributions in the years ahead.

Looking Ahead
With a strong financial position, dedicated leadership, and strategic growth initiatives in place, the Company is well-positioned for continued success in 2025 and beyond. We remain committed to delivering long-term value to our shareholders while maintaining the highest service standards, integrity, and community support.

On behalf of the Board of Directors and the leadership team, we thank you for your continued trust and support, and look forward to another exciting year ahead.

Sincerely,

Timothy Ward, Chairperson
Retired Chief Executive Officer
Eastern Michigan Bank, Croswell

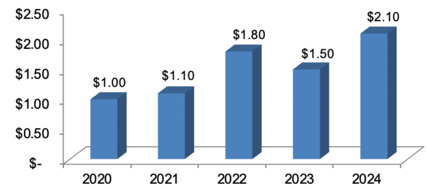
William Oldford, Jr., Vice Chairperson
President and Chief Executive Officer
Eastern Michigan Bank, Croswell

HIGHLIGHTS AND TEN YEAR FINANCIAL PROFILE

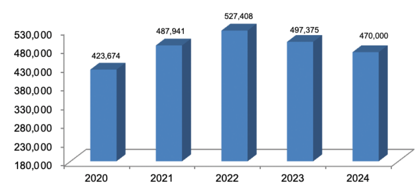
2024 HIGHLIGHTS

FOR THE YEAR (in thousands)	2024	2023	% Change
Net interest income	$ 19,535	$ 17,692	10.4%
Non-interest income	2,166	1,989	8.9%
Non-interest expense	12,825	11,712	9.5%
Net income	7,038	6,187	13.8%
YEAR END (in thousands)			
Total assets	$ 521,019	$ 539,863	-3.5%
Loans, net of deferred costs and fees	220,053	212,377	3.6%
Allowance for credit losses	2,795	2,608	7.2%
Deposits	470,000	497,375	-5.5%
Shareholders' equity	48,595	40,417	20.2%
PER SHARE			
Net income	$ 5.56	$ 4.95	12.3%
Book value	38.09	32.23	18.2%
Cash dividends	2.10	1.50	40.0%
Number of shares outstanding	1,275,698	1,253,851	1.7%

CASH DIVIDENDS PER SHARE



TOTAL DEPOSITS (in thousands)



TEN-YEAR FINANCIAL PROFILE

FOR THE YEAR (in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net interest income	$ 19,535	$ 17,692	$ 13,604	$ 13,209	$ 11,874	$ 11,919	$ 10,582	$ 9,244	$ 9,086	$ 8,306
Provision for credit losses	3	189	(7)	(119)	228	155	363	173	79	(144)
Non-interest income	2,166	1,989	2,116	2,877	2,855	1,765	1,942	2,095	1,725	1,694
Non-interest expense	12,825	11,712	11,157	10,204	9,351	8,664	8,377	7,637	7,856	7,448
Income before income taxes	8,873	7,780	4,570	6,001	5,150	4,865	3,784	3,529	2,876	2,696
Less: income taxes	1,835	1,593	933	1,097	953	864	682	1,092	776	724
Net income	7,038	6,187	3,637	4,904	4,197	4,001	3,102	2,437	2,100	1,972
AT YEAR END (in thousands)								2,608		
Total investment securities	$ 249,413	$ 273,385	$ 279,533	$ 229,276	$ 72,123	$ 103,139	$ 89,065	$ 94,370	$ 106,504	$ 110,344
Restricted investments	1,331	1,331	1,211	1,116	1,116	1,116	1,056	1,056	1,056	980
Federal funds sold	903	698	608	418	386	21,128	20,448	176	582	-
Total loans	220,053	212,377	183,258	192,351	223,307	181,340	176,614	171,438	154,265	137,535
Allowance for credit losses	2,795	2,608	1,710	1,719	1,835	1,574	1,551	1,330	1,222	1,204
Total assets	521,019	539,863	563,570	534,043	467,965	373,906	355,073	329,426	324,956	293,028
Total deposits	470,000	497,375	527,408	487,941	423,674	333,878	319,584	295,923	293,079	262,124
Shareholders' equity	48,595	40,417	32,662	44,578	42,897	38,752	34,477	32,649	30,643	29,572
PER SHARE										
Net income	$ 5.56	$ 4.95	$ 2.90	$ 3.98	$ 3.44	$ 3.33	$ 2.61	$ 2.36	$ 1.82	$ 1.73
Book value	38.09	32.23	26.14	35.64	35.02	32.16	28.94	27.76	26.55	25.81
Cash dividends per share	2.10	1.50	1.80	1.10	1.00	0.84	0.73	0.63	0.60	0.55
Number of shares outstanding	1,275,698	1,253,851	1,249,303	1,250,647	1,224,895	1,204,799	1,191,159	1,176,011	1,154,370	1,145,731
Return on average assets	1.33%	1.15%	0.65%	0.96%	0.98%	1.08%	0.91%	0.74%	0.67%	0.69%
Return on average equity	16.24%	17.33%	10.47%	11.18%	10.37%	10.97%	9.49%	7.70%	6.90%	6.64%
Capital ratio	9.94%	9.42%	8.21%	8.69%	9.14%	10.43%	9.77%	10.10%	9.70%	10.33%

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands except per share data)

	December 31	
	2024	2023
Assets		
Cash and demand deposits due from banks	$ 3,822	$ 3,207
Interest bearing balances due from banks	24,476	23,817
Federal funds sold	903	698
Cash and cash equivalents	**29,201**	**27,722**
Certificates of deposit held in other banks	498	1,982
Investment securities		
Available-for-sale	143,399	160,442
Held-to-maturity, net of allowance for credit losses of $18 and $24 at December 31, 2024 and 2023	106,014	112,943
Restricted investments, at cost	1,331	1,331
Loans, net of allowance for credit losses of $2,795 and $2,608 at December 31, 2024 and 2023	217,258	209,769
Accrued interest receivable	2,427	2,783
Premises and equipment, net	6,057	7,698
Bank-owned life insurance	10,721	10,433
Other assets	4,113	4,760
Total assets	**$ 521,019**	**$ 539,863**
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing	$ 126,249	$ 137,701
Interest-bearing	343,751	359,674
Total deposits	**470,000**	**497,375**
Accrued interest payable and other liabilities	2,424	2,071
Total liabilities	**472,424**	**499,446**
Shareholders' equity		
Common stock, $5 par value; 3,000,000 shares authorized, 1,275,698 (1,253,851 in 2023) shares issued and outstanding	6,215	6,119
Additional paid-in-capital	2,971	2,697
Retained earnings	45,570	41,195
Deferred compensation	893	789
Accumulated other comprehensive loss	(7,054)	(10,383)
Total shareholders' equity	**48,595**	**40,417**
Total liabilities and shareholders' equity	**$ 521,019**	**$ 539,863**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands except per share data)	Year Ended December 31	
	2024	**2023**
Interest and dividend income		
Loans (including fees)	$ 13,789	$ 10,669
Securities		
Taxable	7,603	7,175
Nontaxable	107	119
Other	84	69
Federal funds sold and deposits with banks	2,041	1,710
Total interest and dividend income	**23,624**	**19,742**
Interest expense	4,089	2,050
Net interest income	**19,535**	**17,692**
Credit loss expense (reversal) on loans	29	294
Credit loss expense (reversal) on held-to-maturity investments	(6)	(38)
Credit loss expense (reversal) on off-balance sheet credit exposures	(20)	(67)
Total credit loss expense	**3**	**189**
Net interest income, after credit loss expense	**19,532**	**17,503**
Noninterest income		
Service charges on deposit accounts	1,359	1,285
Other service charges and fees	225	250
Earnings on bank owned life insurance	288	264
Other	294	190
Total noninterest income	**2,166**	**1,989**
Noninterest expenses		
Compensation and benefits	7,236	6,652
Occupancy and equipment	878	733
Data processing	511	496
Federal deposit insurance	262	255
Other	3,938	3,576
Total noninterest expenses	**12,825**	**11,712**
Income before income taxes	**8,873**	**7,780**
Income taxes	1,835	1,593
Net income	**$ 7,038**	**$ 6,187**
Net income per common share		
Basic	$ 5.56	$ 4.95
Diluted	$ 5.52	$ 4.93

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Dollars in thousands except per share data)

	Year Ended December 31	
	2024	**2023**
Other comprehensive income		
Unrealized gain on debt securities available-for-sale:		
Unrealized gain arising during the year	$ 3,696	$ 4,827
Reclassification adjustment for realized losses included in net income	55	-
Reclassification adjustment for accretion of unrealized loss included in accumulated other comprehensive income from the transfer of securities from available-for-sale to held-to-maturity	529	422
Unrealized gains on available-for-sale and transferred securities before income tax expense	4,280	5,249
Tax effect	(899)	(1,102)
Net of tax	3,381	4,147
Unrealized loss on interest rate derivatives:		
Unrealized loss arising during the year amortied as interest is recorded	(63)	(213)
Reclassification adjustment for interest included in income	(3)	(3)
Unrealized loss on interest rate derivatives before income tax benefit	(66)	(216)
Tax effect	14	45
Net of tax	(52)	(171)
Other comprehensive income	3,329	3,976
Net income	7,038	6,187
Comprehensive income	**$ 10,367**	**$ 10,163**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Dollars in thousands except per share data)

	Common Stock		Additional Paid-In-Capital	Retained Earnings	Deferred Compensation	Accumulated Other Comprehensive (Loss)	Total
	Shares	Amount					
Balances, January 1, 2023	**1,249,303**	**$ 6,145**	**$ 2,596**	**$ 37,730**	**$ 550**	**$ (14,359)**	**$ 32,662**
Cumulative change in accounting principle (Note 1)	-	-	-	(616)	-	-	(616)
Comprehensive income	-	-	-	6,187	-	3,976	10,163
Common stock options recognized	-	-	1	-	-	-	1
Deferred compensation	9,650	-	-	-	245	-	245
Common stock transferred from the Rabbi Trust to satisfy deferred compensation obligations	-	1	5	-	(6)	-	-
Issuance of restricted stock awards	4,415	21	102	-	-	-	123
Issuance of shares upon exercise of common stock options	1,308	7	(7)	-	-	-	-
Repurchase of common stock	(10,825)	(55)	-	(230)	-	-	(285)
Cash dividends paid ($1.50 per share)	-	-	-	(1,876)	-	-	(1,876)
Balances, December 31, 2023	**1,253,851**	**6,119**	**2,697**	**41,195**	**789**	**(10,383)**	**40,417**
Comprehensive income	-	-	-	7,038	-	3,329	10,367
Common stock options recognized	-	-	-	-	-	-	-
Deferred compensation	10,677	-	-	-	324	-	324
Common stock transferred from the Rabbi Trust to satisfy deferred compensation obligations	-	40	180	-	(220)	-	-
Issuance of restricted stock awards	5,462	27	108	-	-	-	135
Issuance of shares upon exercise of common stock options	5,708	29	(14)	-	-	-	15
Cash dividends paid ($2.10 per share)	-	-	-	(2,663)	-	-	(2,663)
Balances, December 31, 2024	**1,275,698**	**$ 6,215**	**$ 2,971**	**$ 45,570**	**$ 893**	**$ (7,054)**	**$ 48,595**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands except per share data)

	Year Ended December 31	
	2024	**2023**
Cash flows from operating activities		
Net income	$ 7,038	$ 6,187
Adjustments to reconcile net income to net cash from operating activities		
Credit loss expense	3	189
Depreciation	370	394
Net amortization of investment securities premiums	131	868
Loss on sale of available-for-sale debt securities	55	-
Gain on sale of fixed assets	(107)	-
Interest rate derivative income	(3)	(3)
Share-based compensation	459	369
Net gain on sale of loans	(84)	(91)
Net increase in cash value of bank-owned life insurance	(288)	(264)
Deferred income tax benefit	(222)	(387)
Origination of loans held for sale	(2,602)	(2,422)
Proceeds from loan sales	2,686	2,513
Changes in operating assets and liabilities which provided (used) cash		
Accrued interest receivable	356	(372)
Other assets	(79)	2,868
Accrued interest payable and other liabilities	373	(1,474)
Net change in cash from operating activities	**8,086**	**8,375**
Cash flows from investing activities		
Net change in certificates of deposit held in other banks	1,484	3,461
Activity in held-to-maturity securities		
Purchases	(11,944)	(14,521)
Maturities, prepayments, and calls	20,080	3,207
Activity in available-for-sale securities		
Purchases	(20,935)	(36,584)
Maturities, prepayments, calls and sales	40,871	58,402
Purchase of restricted investments	-	(120)
Loan principal originations, net	(7,518)	(29,120)
Proceeds from sale of equipment	2,265	-
Purchases of premises and equipment	(887)	(711)
Net change in cash from investing activities	**23,416**	**(15,986)**
Cash flows from financing activities		
Acceptances and withdrawals of deposits, net	(27,375)	(30,033)
Net proceeds from exercise of common stock options	15	-
Repurchase of common stock	-	(285)
Cash dividends paid	(2,663)	(1,876)
Net change in cash from financing activities	**(30,023)**	**(32,194)**
Net change in cash and cash equivalents	**1,479**	**(39,805)**
Cash and cash equivalents, beginning of year	27,722	67,527
Cash and cash equivalents, end of year	**$ 29,201**	**$ 27,722**

The accompanying notes are an integral part of these consolidated financial statements.

(Dollars in thousands except per share data)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation and Nature of Business

The accompanying consolidated financial statements include the accounts of Eastern Michigan Financial Corporation, a registered bank holding corporation (the "Corporation"), and its wholly owned subsidiary, Eastern Michigan Bank (the "Bank"), and the Bank's wholly owned subsidiaries Eastern Michigan Properties, LLC: Eastern Michigan Financial Servies, Inc.; and Eastern Michigan Real Estate, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Corporation is independently owned and operates a community bank engaged in the business of retail and commercial banking services through its ten branches located in Sanilac, Huron, and St. Clair counties in Michigan. Active competition, principally from other commercial banks, savings banks, and credit unions, exists in all of the Bank's primary markets. The Bank's results of operations can be significantly affected by changes in interest rates or changes in the automotive and agricultural industries, which comprise a significant portion of the local economic environment.

The Bank is a state chartered bank and a member of the Federal Deposit Insurance Corporation ("FDIC") Bank Insurance Fund. The Bank is subject to the regulations and supervision of the Federal Reserve Board and state regulators and undergoes periodic examinations by these regulatory authorities. The Corporation is also subject to regulation of the Federal Reserve Board governing bank holding companies.

Concentration Risks

The Bank's primary deposit products are interest and noninterest-bearing checking accounts, savings accounts, and time deposits, and its primary lending products are real estate mortgages and commercial, agricultural, and consumer loans. The Bank does not have significant concentrations with respect to any one industry, customer, or depositor.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet and the reported amounts of income and expenses during the year. Actual results could differ from those estimates. Significant estimates include but are not limited to the determination of the allowance for credit losses.

Summary of Significant Accounting Policies

Accounting policies used in preparation of the accompanying consolidated financial statements are in conformity with accounting principles generally accepted in the United States of America. The principles that materially affect the determination of the consolidated financial position and results of operation of the Corporation and its subsidiaries are summarized below.

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks, and federal funds sold, all of which mature within ninety days. Generally, federal funds are sold for a one-day period. The Corporation maintains deposit accounts in various financial institutions which generally exceed the FDIC insured limits or are not insured. Management does not believe the Corporation is exposed to any significant interest, credit or other financial risk as a result of these deposits.

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(Dollars in thousands except per share data)

Certificates of Deposit Held in Other Banks

Certificates of deposit held in other banks mature within eight months and are carried at cost.

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based upon prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data, such as the reporting entity's own data (Level 3).

A description of each category in the fair value hierarchy is as follows:

Level 1:	Valuation is based upon quoted prices for identical instruments traded in active markets.
Level 2:	Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
Level 3:	Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the assets or liability.

For further discussion of Fair Value Measurements, refer to Note 2.

Investment Securities

Debt securities that management has the ability and positive intent to hold to maturity are classified as held-to-maturity and are recorded at amortized cost. Debt securities not classified as held-to-maturity are classified as available-for-sale and are recorded at fair value, with unrealized gains and losses, net of the effect of deferred income taxes, recorded in other comprehensive income. Equity securities are carried at fair value, with changes in fair value reported in net income. Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments. Interest income includes amortization of purchase premiums or discounts. Purchase premiums are discounts recognized in interest income using the interest method over the terms of the securities. Premiums on callable debt securities are amortized to their earliest call date. Gains or losses on the sale of debt securities are recorded in investment income on the trade date and are determined using the specific identification method. A debt security is placed on nonaccrual status at the time any principal or interest payments become 90 days delinquent. Interest accrued but not received for a security placed on nonaccrual is reversed against interest income.

Allowance for Credit Losses – Held-to-Maturity Securities

Management measures expected credit losses on held-to-maturity debt securities on a collective basis by major security type. Accrued interest receivable on held-to-maturity debt securities totaled $596 and $806 at December 31, 2024 and 2023, respectively, and were excluded from the estimate of credit losses.

The estimate of expected credit losses is primarily based on the rating assigned to the securities by debt rating agencies and the average of the annual historical loss rates associated with those ratings. The Corporation then multiplies those loss rates, as adjusted for any modifications to reflect current conditions and reasonable and supportable forecasts as considered necessary, by the remaining lives of each individual security to arrive at the lifetime expected loss amount. Management classifies the held-to-maturity portfolio into the following major security types: U.S. treasury, corporate bonds, states, and municipals, agency issued mortgage-backed securities, and other asset-backed securities.

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(Dollars in thousands except per share data)

Securities guaranteed by the United States Treasury and its agencies, securities guaranteed by government-sponsored entities, and AAA-rated collateralized loan obligations with no historical defaults are deemed to have zero expected lifetime losses. As a result, no allowance for credit losses was recorded for these securities at December 31, 2024 and 2023.

Allowance for Credit Losses – Available-for-Sale Securities

Management evaluates all investments available-for-sale in an unrealized loss position on a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. If the Corporation has the intent to sell a security or it is more likely than not that the Corporation will be required to sell a security, the security is written down to fair value and the entire loss is recorded in earnings.

If either of the above criteria is not met, the Corporation evaluates whether the decline in fair value is the result of credit losses or other factors. In making the assessment, the Corporation may consider various factors, including the extent to which fair value is less than amortized cost, performance on any underlying collateral, downgrades in the ratings of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments, and adverse conditions specifically related to the security. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected are compared to the amortized cost basis of the security, and any excess is recorded as an allowance for credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any amount of unrealized loss that has not been recorded through an allowance for credit loss is recognized in other comprehensive income.

Changes in the allowance for credit loss are recorded as provision for, or reversal of, credit loss expense. Losses are charged against the allowance for credit loss when management believes an available-for-sale security is confirmed to be uncollectible or when either of the criteria regarding intent or requirement to sell is met. At December 31, 2024 and 2023, there was no allowance for credit loss related to the available-for-sale portfolio.

Accrued interest receivable on available-for-sale debt securities totaled $788 and $810 at December 31, 2024 and 2023, respectively, and were excluded from the estimate of credit losses.

Restricted Investments

The Bank is a member of the Federal Home Loan Bank System and is required to invest in capital stock of the Federal Home Loan Bank of Indianapolis (“FHLB”). The amount of the required investment is based upon the available balance of the Bank’s outstanding home mortgage loans or advances from the HFLB and is carried at cost plus the value assigned to the stock dividends.

The Bank is also a member of the Federal Reserve System and is required to invest in capital stock of the Federal Reserve Bank (“FRB”). The amount of the required investment is based upon the contributed capital of Eastern Michigan Bank and is carried at cost.

In addition, the Bank is Farmer Mac I seller and is required to invest in capital stock of Farmer Mac. The amount of required investment is determined based upon the consolidated assets at the time of the initial stock purchase and is carried at cost.

Loans

Loans that management has the positive intent and ability to hold for the foreseeable future or until maturity or pay-off are generally reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for credit losses, and any deferred fees or costs of originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net or certain direct loan origination costs, are deferred and recognized as an adjustment on the related loan yield using the interest method. Accrued interest receivable related to loans totaled $1,028 and $1,147 at December, 31, 2024 and 2023, respectively, and is excluded from the estimate of credit losses.

The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Consumer and other loans are typically charged off no later than 180 days past due. Past due

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(Dollars in thousands except per share data)

status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if the collection of principal and interest is considered doubtful.

All interest accrued in the current year but not collected for loans that are placed on nonaccrual or are charged off, is reversed against interest income while interest accrued but not collected in prior years is reversed against the allowance for loan losses. The interest on these loans is accounted for on a cash basis until qualifying for return to accrual. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured. For individually assessed loans not classified as nonaccrual, interest income is recognized daily as it is earned according to the terms of the loan agreement.

Nonperforming loans of the loan portfolio are comprised of those loans accounted for on a nonaccrual basis, accruing loans contractually past due 90 days or more as to interest or principal payments (120 days or more past due on real estate residential loans) and loans modified under troubled debt restructurings (nonperforming originated loans).

Allowance for Credit Losses – Loans

The allowance for credit losses (ACL) is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectability of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Accrued interest receivable is excluded from the estimate of credit losses.

The allowance for credit losses represents management's estimate of lifetime credit losses of loans as of the balance sheet date. The allowance for credit losses is estimated by management using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

The Corporation measures expected credit losses for loans on a pooled basis when similar risk characteristics exist. The Corporation has identified the following portfolio segments and calculates the ACL for each segment using the Federal Reserve's Scaled CECL Allowance for Losses Estimator (SCALE) methodology for calculating the CECL for loans. The model utilizes a proxy expected lifetime loss rate compiled from the Federal Reserve system's publicly available Call Reports. The Corporation then adjusts the expected lifetime loss rate to include only peer group data in Michigan.

Commercial and Industrial: Commercial and industrial loans generally possess a lower inherent risk of loss than real estate portfolio segments because these loans are generally underwritten to existing cash flows of operating businesses. Debt coverage is provided by business cash flows and economic trends influenced by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

Agricultural: The risk associated with agricultural loans depends on current market prices, weather conditions, and other outside factors that are distinct to this segment. These loans, as with commercial and industrial loans, are generally underwritten to existing cash flows of operating businesses. Debt coverage, however, is influenced by different economic indicators than other commercial loans.

Other Depository Institutions: Loans to other depository institutions are for short-term funding of mortgages before they are sold into the secondary market. The fundamental collateral is a mortgage instrument and not the underlying real property. The risk in these loans is relatively low but is affected by interest rates and prudent underwriting.

Real Estate Related Industries: These loans generally possess a higher inherent risk of loss than other loan portfolio segments. Adverse economic developments or an overbuilt market impact real estate projects and may result in troubled loans. Trends in vacancy rates of commercial properties impact the credit quality of these loans. High vacancy rates reduce operating revenues and the ability of the properties to produce sufficient cash flow to service debt obligations.

Other Commercial: Other commercial loans are collateralized by real estate and are underwritten based on the existing cash flows of operating businesses. Because debt coverage is provided by business cash flows, trends in real estate values have less impact on this segment than other real estate segments and would be influenced more by unemployment rates and other key economic indicators.

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(Dollars in thousands except per share data)

Residential Real Estate: The degree of risk in residential mortgage lending depends primarily on the loan amount in relation to collateral value, the interest rate, and the borrower's ability to repay in an orderly fashion. These loans generally possess a lower inherent risk of loss than other real estate portfolio segments. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans. Weak economic trends indicate that the borrowers' capacity to repay their obligations may be deteriorating.

Consumer and Other: The consumer and other loan portfolio is usually comprised of a large number of small loans, including automobile, personal loans, etc. Most loans are made directly for consumer purchases. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans. Weak economic trends indicate that the borrowers' capacity to repay their obligations may be deteriorating.

Home Equity: As with residential real estate, the degree of risk in home equity lending depends on the loan amount in relation to collateral value, the interest rate, and the borrower's ability to repay in an orderly fashion but, in addition, depends on the value of any loan with a first lien interest. These loans generally possess a higher inherent risk of loss than the residential real estate portfolio segment. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans. Weak economic trends indicate that the borrowers' capacity to repay their obligations may be deteriorating.

Additionally, the allowance for credit losses calculation includes subjective adjustments for qualitative risk factors that are likely to cause estimated credit losses to differ from historical experience. These qualitative adjustments may increase or reduce reserve levels and include adjustments for lending management experience and risk tolerance, loan review and audit results, asset quality and portfolio trends, loan portfolio growth, industry concentrations, trends in underlying collateral, external factors, and economic conditions not already captured.

Loans that do not share risk characteristics are evaluated on an individual basis. When management determines that foreclosure is probable and the borrower is experiencing financial difficulty, the expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs, as appropriate.

Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the allowance for credit losses because of the measurement methodologies used to estimate the allowance, a change to the allowance for credit losses is generally not recorded upon modification. Occasionally, the Corporation modifies loans by providing principal forgiveness on certain of its real estate loans. When principal forgiveness is provided, the amount of the principal forgiveness is deemed to be uncollectible; therefore, that portion of the loan is written off, resulting in a reduction of the amortized cost basis and a corresponding adjustment to the allowance for credit losses.

In some cases, the Corporation will modify a certain loan by proving multiple types of concessions. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted.

The Bank assigns a risk rating to all loans except pools of homogeneous loans and periodically performs detailed internal reviews of all such loans over a certain threshold to identify credit risks and assess the overall collectability of the portfolio. These risk ratings are also subject to examination by the Bank's regulators. During the internal reviews, management monitors and analyzes the financial condition of borrowers and guarantors, trends in the industries in which the borrowers operate and the fair values of collateral securing the loans. These credit quality indicators are used to assign a risk rating to each individual loan. The risk ratings can be grouped into six major categories, defined as follows:

Pass: A pass loan is a credit with no existing or known potential weaknesses deserving of management's close attention.

Watch: Loans classified as watch have most of the characteristics of a pass loan; however, emerging weaknesses have been detected and warrant additional attention.

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(Dollars in thousands except per share data)

Special mention: Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, this potential weakness may result in deterioration of the repayment prospects for the loan or of the Bank's credit position at some future date. Special mention loans are not adversely classified and do not expose the Bank to sufficient risk to warrant adverse classification.

Substandard: Loans classified as substandard are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged if any. Assets so classified must have a well-defined weakness, or weaknesses, that jeopardize the liquidation of the debt.

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or repayment in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss: Loans classified as loss are considered uncollectible and are charged off immediately.

The majority of the Bank's consumer and residential loan portfolios are comprised of secured loans that are evaluated at origination on a centralized basis against standardized underwriting criteria. The ongoing measurement of the credit quality of the consumer, home equity, and residential real estate loan portfolios is largely done on an exception basis. If payments are made on schedule, as agreed, then no further monitoring is performed. However, if delinquency occurs, the delinquent loans are turned over to the Bank's collection department for resolution, which generally occurs fairly rapidly and often through repossession and foreclosure. Credit quality for the entire consumer, home equity, and residential real estate loan portfolio is measured by the periodic delinquency rate, nonaccrual amounts, and actual losses incurred.

Although management believes the allowance to be appropriate, ultimate losses may vary from its periodic estimates. The Board of Directors reviews the appropriateness of the allowance monthly, including consideration of the relevant risks in the portfolio, current economic conditions, and other factors. If the Board of Directors and management determine that changes are warranted based on those reviews, the allowance is adjusted. In addition, the Bank's primary regulators review the appropriateness of the allowance. The regulatory agencies may require changes to the allowance based on their judgment about the information available at the time of their examination.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value in the aggregate and are included in loans on the accompanying consolidated balance sheets, if any. Net unrealized losses, if any, are recognized through a valuation allowance of which the provision is accounted for in the consolidated statements of income. Mortgage loans held for sale are generally sold with servicing rights retained. The carrying value of the mortgage loans sold is reduced by the amount allocated to the servicing right. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loan sold.

Transfers of Financial Assets

Transfers of financial assets, including mortgage loans held-for-sale, are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when 1) the assets have been legally isolated from the Corporation, 2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and 3) the Corporation does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Other than servicing, as disclosed in Note 5, the Corporation has no substantive continuing involvement related to these loans. The Corporation sold to an unrelated third-party residential mortgage loans with proceeds of $2,686 and $2,513 during 2024 and 2023, respectively, which resulted in a net gain of $84 and $91 for 2024 and 2023, respectively. Servicing fee income earned on such loans was $112 and $121 for 2024 and 2023, respectively, and is included in other noninterest income on the consolidated statements of income.

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(Dollars in thousands except per share data)

Servicing

Servicing assets are recognized as separate assets when rights are acquired through the purchase or sale of financial assets. For sales of mortgage loans, a portion of the cost of originating the loan is allocated to the servicing right based on relative fair value. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds, and default rates and losses.

Servicing assets or liabilities are amortized in proportion to and over the period of net servicing income or net servicing loss and are assessed for impairment or increased obligation based on the fair value of rights compared to amortized cost at each reporting date. Impairment is determined by stratifying rights into tranches based on predominant risk characteristics, such as interest rate, loan type, and investor type. Impairment is recognized through a valuation allowance for an individual tranche to the extent that fair value is less than the capitalized amount for the tranche. If the Bank later determines that all or a portion of the impairment no longer exists for a particular tranche, a reduction of the allowance may be recorded as an increase in income.

Servicing fee income is recorded for fees earned for servicing loans for others. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan, and are recognized as income when earned. The amortization of mortgage servicing rights is netted against loan servicing fee income, a component of other noninterest income.

Derivatives

At the inception of a derivative contract, the Corporation designates the derivative as one of the three types based on the Corporation's intentions and belief as to likely effectiveness as a hedge. These three types are 1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge), 2) a hedge of a forecasted transaction or the variability of cash flows to received or paid related to a recognized asset or liability (cash flow hedge), or 3) an instrument with no hedging designation (non-designated derivative). For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedge item attributable to the hedge risk, is recognized in current earnings as fair value change. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income (loss) and is reclassified into earnings in the same periods during which the hedge transaction affects earnings. Changes in the fair value of derivatives not designated are reported currently in earnings as noninterest income on the consolidated statement of net income.

Accrued settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense based on the item being hedged. Accrued settlements on derivatives not designated are reported in noninterest income. Cash flows on hedges are classified in the cash flow statement, the same as the cash flows of the items being hedged.

The Corporation formally documents the relationship between derivatives and hedge items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This document includes linking fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Corporation also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are designated are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Corporation discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedge forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

When hedge accounting is discontinued, subsequent changes in the fair value of the derivative are recorded as noninterest income. When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value, and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability. When a cash flow hedge is discontinued, but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods in which the hedged transactions will affect earnings.

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(Dollars in thousands except per share data)

The Corporation is exposed to losses if a counterparty fails to make its payments under a contract in which the Corporation is in the net receiving position. The Corporation anticipates that the counterparties will be able to fully satisfy their obligations under the agreements. All of the contracts to which the Corporation is a party monthly or quarterly. In addition, the Corporation obtains collateral above certain thresholds of the fair value of its derivatives for each dealer counterparty based upon their credit standing, and the Corporation has netting agreements with which it does business.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value, less costs to sell, on the date of transfer, establishing a new cost basis. Physical possession of residential real estate property collateralizing a consumer mortgage loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Subsequent to foreclosure, valuations are periodically performed by management, and the assets are carried at the lower of the carrying amount or fair value less costs to sell. Revenue and expenses from operations and changes in the valuation allowance are included in expenses from foreclosed assets, net, a component of other noninterest expenses on the consolidated statements of income.

Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation which is computed principally by the straight-line method based upon the estimated lives of the related assets, which range from 3 to 40 years. Major improvements are capitalized and appropriately amortized based upon the useful lives of the related assets or the expected terms of the leases, if shorter, using the straight-line method. Maintenance, repairs, and minor alterations are charged to current operations as expenditures occur. Management annually reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable.

Share-Based Compensation Plans

Compensation cost relating to share-based payment transactions, including common stock option grants, restricted stock awards, and deferred compensation, are measured based on the estimated fair value of the equity or liability instruments issued on the grant dates and is recognized over the service period, which is generally the vesting period.

Bank-Owned Life Insurance

The Bank holds life insurance policies purchased on the lives of key officers. In the event of death of one of these individuals, the Bank, as beneficiary of the policies, would receive a specified cash payment equal to the face value of the policy. Such policies are recorded at their cash surrender value, or the amount that can be currently realized as of the balance sheet date. The change in cash surrender value is an adjustment of premiums paid in determining the net expense or income recognized under the contracts for the year and is included in other noninterest income on the consolidated statements of income.

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Bank has entered into commitments to extend credit, including commercial letters of credit and standby letters of credit. Such financial instruments are considered to be guarantees; however, as the amount of the liability related to such guarantees on the commitment date is considered insignificant, the commitments are generally recorded only when they are funded.

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(Dollars in thousands except per share data)

Allowance for Credit Losses – Unfunded Commitments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit issued to meet customer financing needs. The Corporation's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for off-balance sheet loan commitments is represented by the contractual amount of those instruments. Such financial instruments are recorded when they are funded.

The Corporation records an allowance for credit losses on off-balance sheet credit exposures through a charge to provision for unfunded commitments in the Corporation's income statements. The allowance for credit losses on off-balance sheet credit exposures is estimated by loan segment at each balance sheet date under the current expected credit loss model using the same methodologies as portfolio loans, taking into consideration the likelihood that funding will occur. The allowance for unfunded commitments is included in other liabilities on the Corporation's consolidated balance sheets.

Business Acquisition Intangibles and Goodwill

A past business combination included identified amounts related to the valuation of customer deposit relationships (core deposit intangibles), which are being amortized on the straight-line method over ten years, and residual goodwill, which is included in other assets. Such goodwill represents the purchase price in excess of identifiable assets and is not amortized but is evaluated by management for impairment at least annually or on an interim basis if an event occurs or circumstances change what would more likely than not reduce the fair value of the reporting unit below its carrying value.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred income tax asset or liability is determined based on the federal income tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in federal income tax rates and laws. Valuation allowances are established, where necessary, to reduce deferred tax assets to the amount expected more likely than not to be realized. Income tax expense is the tax payable or refundable for the year plus or minus the change during the year in deferred tax assets and liabilities.

Net Income Per Share

Basic earnings per share represent income available to common shareholders divided by the weighted average number of common shares outstanding less unvested restricted stock during the year. Diluted earnings per share reflect additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustments to income that would result from the assumed issuance. Potential common shares that may be issued by the Corporation relate to outstanding common stock options and restricted stock awards and are determined using the treasury stock method.

Subsequent Events

In preparing these consolidated financial statements, the Corporation has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to the most recent balance sheet presented herein, through the date of the Independent Auditor's Report, the date these consolidated financial statements were available to be issued. No such event or transactions were identified.

2. FAIR VALUE MEASUREMENTS

The Corporation utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Available-for-sale debt securities and derivatives are recorded at fair value on a recurring basis. Additionally, from time to time, the Corporation may be required to record at fair value other assets on a nonrecurring basis, such as debt securities held-to-maturity, loans, loans held for sale, foreclosed assets, mortgage servicing rights, goodwill, and certain other assets and liabilities. These nonrecurring fair value adjustments typically involve the application of lower of cost or market accounting.

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(Dollars in thousands except per share data)

Following is a description of the valuation methodologies and key inputs used to measure financial assets and liabilities recorded at fair value, which includes an indication of the level of the fair value hierarchy in which the assets or liabilities are classified.

Investment Securities

The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities using matrix pricing. Matrix pricing is a mathematical technique commonly used to price debt securities that are not actively traded, that values debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Derivatives

The Corporation's derivatives are traded in an over-the-counter market where quoted market prices are not always available. Therefore, the fair values of derivatives are determined using quantitative models that utilize multiple market inputs (Level 2). The inputs will vary based on the type of derivative but could include interest rates, prices, and indices to generate continuous yield or pricing cures, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions, and third-party pricing services.

Impaired Loans

The fair value of impaired loans with specific allocations of the allowance for credit losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches, including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available for similar loans and collateral underlying such loans. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and the client's business, resulting in a Level 3 value classification. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted in accordance with the current expected credit loss policy.

Mortgage Servicing Rights

On an annual basis, loan servicing rights are evaluated for impairment based on the fair value of the rights as compared to the carrying amount. If the carrying amount of an individual tranche exceeds fair value, impairment is recorded on that tranche so that the servicing asset is carried at fair value. Fair value is determined at a tranche level, based on market prices for comparable mortgage servicing contracts (Level 2), when available, or alternatively based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model utilizes interest rate, prepayment speed, and default rate assumptions that market participants would use in estimating future net servicing income and that can be validated against available market data.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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(Dollars in thousands except per share data)

Assets Recorded at Fair Value on a Recurring Basis

The following tables set forth by level, within the fair value hierarchy, the recorded amount of assets and liabilities measured at fair value on a recurring basis as of December 31:

	Assets at Fair Value			
2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities available-for-sale:				
U.S. Treasury notes	$ 33,153	$ -	$ -	$ 33,153
Corporate bonds	-	42,240	-	42,240
Mortgage-backed securities	-	23,704	-	23,704
States and municipals	-	44,032	270	44,302
Total investment securities available-for-sale	**$ 33,153**	**$ 109,976**	**$ 270**	**$ 143,399**
Derivatives	**$ -**	**$ 5**	**$ -**	**$ 5**

	Assets at Fair Value			
2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities available-for-sale:				
U.S. Treasury notes	$ 28,422	$ -	$ -	$ 28,422
Corporate bonds	-	55,632	-	55,632
Mortgage-backed securities	-	29,283	-	29,283
States and municipals	-	46,775	330	47,105
Total investment securities available-for-sale	**$ 28,422**	**$ 131,690**	**$ 330**	**$ 160,442**
Derivatives	**$ -**	**$ 96**	**$ -**	**$ 96**

The following table sets forth a summary of changes in the fair value of the Corporation's Level 3 assets measured at fair value on a recurring basis:

2024	**State and Municipal Securities**
Balance of recurring Level 3 assets at January 1, 2024	$ 330
Total gains or (losses)	
Realized	-
Unrealized	(60)
Balance of recurring Level 3 assets at December 31, 2024	**$ 270**

2023	**State and Municipal Securities**
Balance of recurring Level 3 assets at January 1, 2023	$ 390
Total gains or (losses)	
Realized	-
Unrealized	(60)
Balance of recurring Level 3 assets at December 31, 2023	**$ 330**

Unrealized losses on available-for-sale debt securities, net of deferred taxes, are included in accumulated other comprehensive loss on the consolidated balance sheets.

Continued...

(Dollars in thousands except per share data)

Assets Recorded at Fair Value on a Nonrecurring Basis

The following tables set forth by level, within the fair value hierarchy, the recorded amount of assets measured at fair value on a nonrecurring basis as of December 31:

	Assets of Carrying Value			
2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Impaired loans (1)	$ -	$ -	$ 290	$ 290

	Assets of Carrying Value			
2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Impaired loans (1)	$ -	$ -	$ 318	$ 318

(1) Certain impaired loans are remeasured and reported at fair value through a specific valuation allowance. Individually impaired loans of $290 and $318 as of December 31, 2024 and 2023, respectively, were reduced by specific valuation allowances totaling $256 and $51 as of those dates.

Quantitative information about Level 3 fair value measurements is as follows as of December 31, 2024:

	Level 3 Instruments			
Instrument	**Fair Value**	**Valuation Technique**	**Unobservable Input**	**Range (Weighted Average)**
Individually assessed loans	$ 290	Discounted Appraisal Value	Discount Applied to Collateral	26.3-92.5% (59.2%)

Quantitative information about Level 3 fair value measurements is as follows as of December 31, 2023:

	Level 3 Instruments			
Instrument	**Fair Value**	**Valuation Technique**	**Unobservable Input**	**Range (Weighted Average)**
Individually assessed loans	$ 318	Discounted Appraisal Value	Discount Applied to Collateral	.20-28% (14.1%)

Continued...

(Dollars in thousands except per share data)

Estimated Fair Values of Financial Instruments Not Recorded at Fair Value in their Entirety on a Recurring Basis

Disclosure of the estimated fair values of financial instruments, which differ from carrying values, often requires the use of estimates. In cases where quoted market values in an active market are not available, the Corporation uses present value techniques and other valuation methods to estimate the fair values of its financial instruments. These valuation methods require considerable judgment, and the resulting estimates of fair value can be significantly affected by the assumptions made and methods used. The methodologies for estimating the fair value of financial assets and liabilities on a recurring and nonrecurring basis are discussed above.

The carrying amount and estimated fair value of financial instruments not recorded at fair value in their entirety on a recurring basis on the Corporation's consolidated balance sheets are as follows at December 31:

		Fair Value Measurements at December 31, 2024			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	$ 29,201	$ 29,201	$ -	$ -	$ 29,201
Certificates of deposit held in other banks	498	-	491	-	491
Investment securities held-to-maturity	106,014	-	103,494	-	103,494
Restricted investments	1,331	-	1,331	-	1,331
Net loans	217,258	-	210,128	290	210,418
Mortgage servicing rights	314	-	458	-	458
Accrued interest receivable	2,427	2,427	-	-	2,427
Liabilities					
Noninterest-bearing deposits	$ 126,249	$ -	$ 126,249	$ -	$ 126,249
Interest-bearing deposits	343,751	-	342,950	-	342,950
Accrued interest payable	57	57	-	-	57

Continued...

(Dollars in thousands except per share data)

	Carrying Amount	Fair Value Measurements at December 31, 2023 Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	$ 27,722	$ 27,722	$ -	$ -	$ 27,722
Certificates of deposit held in other banks	1,982	-	1,939	-	1,939
Investment securities held-to-maturity	112,943	-	109,703	-	109,703
Restricted investments	1,331	-	1,331	-	1,331
Net loans	209,769	-	202,491	318	202,809
Mortgage servicing rights	362	-	523	-	523
Accrued interest receivable	2,783	2,783	-	-	2,783
Liabilities					
Noninterest-bearing deposits	$ 137,701	$ -	$ 137,701	$ -	$ 137,701
Interest-bearing deposits	359,674	-	358,440	-	358,440
Accrued interest payable	7	7	-	-	7

3. INVESTMENT SECURITIES

The following table summarizes the amortized cost, fair value, and allowance for credit losses of securities available-for-sale and held-to-maturity at December 31, 2024, and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive loss:

2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Allowance for Credit Losses
Held-to-maturity					
U.S. Treasury notes	$ 22,147	$ -	$ 2,036	$ 20,111	$ -
Corporate bonds	14,889	-	848	14,041	15
States and municipals	4,377	-	319	4,058	-
Mortgage-backed securities	50,328	1,361	993	50,696	3
Other asset-backed securities	14,291	297	-	14,588	-
Total held-to-maturity	**106,032**	**1,658**	**4,196**	**103,494**	**18**
Available-for-sale					
U.S. Treasury notes	35,081	-	1,928	33,153	-
Corporate bonds	44,316	6	2,082	42,240	-
States and municipals	47,879	17	3,594	44,302	-
Mortgage-backed securities	24,187	184	667	23,704	-
Total available-for-sale	**151,463**	**207**	**8,271**	**143,399**	**-**
Total securities	**$ 257,495**	**$ 1,865**	**$ 12,467**	**$ 246,893**	**$ 18**

Continued...

(Dollars in thousands except per share data)

The following table summarizes the amortized cost and fair value of securities available-for-sale and held-to-maturity at December 31, 2023, and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive loss:

2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Allowance for Credit Losses
Held-to-maturity					
U.S. Treasury notes	$ 22,193	$ -	$ 2,065	$ 20,128	$ -
Corporate bonds	17,471	-	1,087	16,384	19
States and municipals	5,855	-	396	5,459	-
Mortgage-backed securities	43,785	710	632	43,863	-
Other asset-backed securities	23,663	221	15	23,869	5
Total held-to-maturity	**112,967**	**931**	**4,195**	**109,703**	**24**
Available-for-sale					
U.S. Treasury notes	30,787	-	2,365	28,422	-
Corporate bonds	59,602	2	3,972	55,632	-
States and municipals	52,110	33	5,038	47,105	-
Mortgage-backed securities	29,758	404	879	29,283	-
Total available-for-sale	**172,257**	**439**	**12,254**	**160,442**	**-**
Total securities	**$ 285,224**	**$ 1,370**	**$ 16,449**	**$ 270,145**	**$ 24**

Investment securities with carrying values of $41,553 and $53,001 at December 31, 2024, and 2023, respectively, were pledged to secure public deposits or for other purposes as permitted or required by law.

During 2024, there were proceeds of $5,629 from sales of available-for-sale securities and a gross realized loss of $55. During 2023, there were no proceeds from sales of available-for-sale securities, and no gross realized gains or losses recognized.

Continued...

(Dollars in thousands except per share data)

The amortized cost and fair value of held-to-maturity and available-for-sale debt securities grouped by contractual maturity at December 31, 2024, are summarized as follows:

	Amortized Cost	Fair Value
Available-for-sale		
Due in one year or less	$ 27,600	$ 27,063
Due after one year through five years	80,899	74,522
Due after five years through ten years	18,462	17,793
Due after ten years	315	317
Mortgage-backed securites	24,187	23,704
Total	**$ 151,463**	**$ 143,399**
Held-to-maturity		
Due in one year or less	$ 1,513	$ 1,493
Due after one year through five years	39,128	36,025
Due after five years through ten years	772	692
Mortgage-backed securites	50,328	50,696
Other asset-backed securities	14,291	14,588
Total	**$ 106,032**	**$ 103,494**

Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations.

Because of their variable monthly payments, mortgage-backed and other asset-backed securities are not reported by a specific maturity group.

At December 31, 2024, and 2023, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of shareholders' equity.

Continued...

(Dollars in thousands except per share data)

The following table summarizes debt securities available-for-sale in an unrealized loss position for which an allowance for credit losses has not been recorded at December 31, 2024, aggregated by major security type and length of time in a continuous unrealized loss position:

2024	Less Than 12 Months Fair Value	Less Than 12 Months Gross Unrealized Losses	Over 12 Months Fair Value	Over 12 Months Gross Unrealized Losses	Fair Value	Total Gross Unrealized Losses
Securities available-for-sale						
U.S. Treasury notes	$ 14,759	$ 360	$ 18,394	$ 1,568	$ 33,153	$ 1,928
Corporate bonds	857	7	40,882	2,075	41,739	2,082
States and municipals	359	2	42,943	3,592	43,302	3,594
Mortgage-backed securities	6,309	132	8,291	535	14,600	667
Total securities available-for-sale	**$ 22,284**	**$ 501**	**$ 110,510**	**$ 7,770**	**$ 132,794**	**$ 8,271**

2023	Less Than 12 Months Fair Value	Less Than 12 Months Gross Unrealized Losses	Over 12 Months Fair Value	Over 12 Months Gross Unrealized Losses	Fair Value	Total Gross Unrealized Losses
Securities available-for-sale						
U.S. Treasury notes	$ -	$ -	$ 28,422	$ 2,365	$ 28,422	$ 2,365
Corporate bonds	-	-	55,137	3,972	55,137	3,972
States and municipals	288	1	45,450	5,037	45,738	5,038
Mortgage-backed securities	4,969	99	15,036	780	20,005	879
Total securities available-for-sale	**$ 5,257**	**$ 100**	**$ 144,045**	**$ 12,154**	**$ 149,302**	**$ 12,254**

As of December 31, 2024, the Corporations's investment security portfolio consists of 306 securities, 268 of which were in an unrealized loss position. As of December 31, 2023, the Corporation's investment security portfolio consisted of 361 securities, 309 of which were in an unrealized loss position.

As of December 31, 2024 and 2023, no allowance for credit loss has been recognized on available-for-sale securities in an unrealized loss position as management does not believe any of the securities are impaired due to reasons of credit quality. This is based upon management's analysis of the underlying risk characteristics, including credit ratings, and other qualitative factors.

Continued...

(Dollars in thousands except per share data)

Allowance for Credit Losses – Held-to-Maturity Securities

The following table shows a roll forward of the allowance for credit losses on held-to-maturity securities for December 31:

2024	Corporate bonds	States and municipals	Commercial Mortgage Backed Securities	Residential Mortgage Backed Securities
Balance December 31, 2023	$ 19	$ -	$ 5	$ -
Provision (reversal) for credit losses	(4)	-	(2)	
Balance December 31, 2024	**$ 15**	**$ -**	**$ 3**	**$ -**

2023	Corporate bonds	States and municipals	Commercial Mortgage Backed Securities	Residential Mortgage Backed Securities
Balance December 31, 2022	$ -	$ -	$ -	$ -
Adjustment for adoption of ASU 2016-13	50	1	12	-
Provision (reversal) for credit losses	(31)	(1)	(7)	
Balance December 31, 2023	**$ 19**	**$ -**	**$ 5**	**$ -**

The Corporation monitors the credit quality of the debt securities held-to-maturity through the use of credit ratings on a quarterly basis. The following table summarizes the amortized cost of debt securities held-to-maturity aggregated by credit quality indicators, at December 31:

	2024	2023
AAA	$ 71,510	$ 89,642
AA	16,317	11,453
A	17,179	11,872
BBB	1,026	–
Total	**$ 106,032**	**$ 112,967**

At December 31, 2024 and 2023, the Corporation had no securities held-to-maturity that were past due 30 days or more as to principal or interest payments. The Corporation had no securities held-to-maturity classified as nonaccrual as of December 31, 2024 or 2023.

4. LOANS AND ALLOWANCE FOR CREDIT LOSSES

The Bank grants commercial, consumer, and residential mortgage loans to customers situated primarily in Sanilac, Huron, and St. Clair counties in Michigan. The ability of the Bank's debtors to honor their contracts is dependent upon the real estate, agriculture, and general economic conditions in these areas. Substantially all of the consumer and residential loans are secured by various items of property, while commercial loans are secured primarily by business assets and personal guarantees; a portion of loans are unsecured.

Loans are summarized as follows at December 31:

	2024	2023
Commercial and industrial	$ 23,134	$ 26,255
Agricultural	45,845	46,253
Other Depository Institutions	12,238	-
Real estate related industries	76,458	70,107
Other commercial	4,108	12,348
Residential real estate	25,481	26,812
Consumer and other	23,122	22,787
Home equity	9,667	7,815
Total loans	220,053	212,377
Less allowance for credit losses	2,795	2,608
Loans, net	**$ 217,258**	**$ 209,769**

Continued...

(Dollars in thousands except per share data)

The following table summarizes the activity related to the allowance for credit losses for the year ended December 31:

2024	Commercial and Industrial	Agricultural	Other Depository Institutions	Real Estate Related Industries	Other Commercial	Residential Real Estate	Consumer and Other	Home Equity	Total
Allowance for credit losses									
Balance at beginning of year	$ 271	$ 550	$ -	$ 884	$ 121	$ 368	$ 251	$ 163	$ 2,608
Credit loss expense (reversal)	(56)	(80)	160	186	(93)	(89)	38	(37)	29
Loans charged off	(15)	-	-	-	-	-	(57)	-	(72)
Recoveries of loans previously charged off	-	11	-	118	23	58	20	-	230
Balance at end of year	**$ 200**	**$ 481**	**$ 160**	**$ 1,188**	**$ 51**	**$ 337**	**$ 252**	**$ 126**	**$ 2,795**

2023	Commercial and Industrial	Agricultural	Oyher Depository Instituts	Real Estate Related Industries	Other Commercial	Residential Real Estate	Consumer and Other	Home Equity	Total
Allowance for credit losses									
Balance at beginning of year, prior to Adoption of ASC 326	$ 166	$ 510	$ -	$ 450	$ 191	$ 189	$ 145	$ 59	$ 1,710
Impact of adoption of ASC 326	34	(36)	-	127	(29)	339	48	122	605
Credit loss expense (reversal)	71	50	-	294	(41)	(173)	111	(18)	294
Loans charged off	-	-	-	-	-	-	(92)	-	(92)
Recoveries of loans previously charged off	-	26	-	13	-	13	39	-	91
Balance at end of year	**$ 271**	**$ 550**	**$ -**	**$ 884**	**$ 121**	**$ 368**	**$ 251**	**$ 163**	**$ 2,608**

Continued...

(Dollars in thousands except per share data)

The following table presents the Corporation's recorded investment in the loans allocated by management's internal risk rating by year of origination at December 31, 2024:

	Term Loans by Year of Origination							
	2024	2023	2022	2021	2020	Prior	Revolving	Total
Commercial and industrial								
Pass	$ 2,462	$ 1,861	$ 1,662	$ 970	$ 364	$ 2,755	$ 12,482	$ 22,556
Watch	-	-	-	5	-	310	-	315
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	263	263
Total commercial and industrial	**$ 2,462**	**$ 1,861**	**$ 1,662**	**$ 975**	**$ 364**	**$ 3,065**	**$ 12,745**	**$ 23,134**
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ 15	$ 15
Agricultural								
Pass	$ 2,388	$ 2,140	$ 8,838	$ 3,739	$ 1,832	$ 10,752	$ 12,906	$ 42,595
Watch	-	100	-	216	955	1,224	467	2,962
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	237	-	51	-	288
Total agricultural	**$ 2,388**	**$ 2,240**	**$ 8,838**	**$ 4,192**	**$ 2,787**	**$ 12,027**	**$ 13,373**	**$ 45,845**
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other depository institutions								
Pass	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,238	$ 12,238
Watch	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total real estate related industries	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 12,238**	**$ 12,238**
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Real estate related industries								
Pass	$ 9,704	$ 10,488	$ 11,011	$ 4,701	$ 4,433	$ 7,649	$ 24,542	$ 72,528
Watch	-	-	-	-	-	120	1,643	1,763
Special mention	-	-	-	-	-	949	-	949
Substandard	-	-	-	314	-	559	345	1,218
Total real estate related industries	**$ 9,704**	**$ 10,488**	**$ 11,011**	**$ 5,015**	**$ 4,433**	**$ 9,277**	**$ 26,530**	**$ 76,458**
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other commercial								
Pass	$ 359	$ -	$ 1,302	$ 504	$ 173	$ 1,127	$ 643	$ 4,108
Watch	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total other commercial	**$ 359**	**$ -**	**$ 1,302**	**$ 504**	**$ 173**	**$ 1,127**	**$ 643**	**$ 4,108**
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Residential real estate								
Pass	$ 2,921	$ 3,268	$ 3,532	$ 868	$ 2,191	$ 10,702	$ 1,606	$ 25,088
Watch	-	186	-	-	-	51	-	237
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	156	-	156
Total residential real estate	**$ 2,921**	**$ 3,454**	**$ 3,532**	**$ 868**	**$ 2,191**	**$ 10,909**	**$ 1,606**	**$ 25,481**
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Consumer and other								
Pass	$ 7,289	$ 8,248	$ 4,723	$ 1,897	$ 431	$ 482	$ 3	$ 23,073
Watch	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	27	1	20	1	-	49
Total consumer	**$ 7,289**	**$ 8,248**	**$ 4,750**	**$ 1,898**	**$ 451**	**$ 483**	**$ 3**	**$ 23,122**
Current period gross write-offs	$ 16	$ 10	$ 31	$ -	$ -	$ -	$ -	$ 57
Home Equity								
Pass	$ 580	$ 160	$ 143	$ 15	$ 47	$ 1	$ 8,721	$ 9,667
Watch	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total home equity	**$ 580**	**$ 160**	**$ 143**	**$ 15**	**$ 47**	**$ 1**	**$ 8,721**	**$ 9,667**
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total loans								
Pass	$ 25,703	$ 26,165	$ 31,211	$ 12,694	$ 9,471	$ 33,468	$ 73,141	$ 211,853
Watch	-	286	-	221	955	1,705	2,110	5,277
Special mention	-	-	-	-	-	949	-	949
Substandard	-	-	27	552	20	767	608	1,974
Total loans	**$ 25,703**	**$ 26,451**	**$ 31,238**	**$ 13,467**	**$ 10,446**	**$ 36,889**	**$ 75,859**	**$ 220,053**
Current period gross write-offs	$ 16	$ 10	$ 31	$ -	$ -	$ -	$ 15	$ 72

Continued...

(Dollars in thousands except per share data)

The following table presents the Corporation's recorded investment in the loans allocated by management's internal risk rating by year of origination at December 31, 2023:

	Term Loans by Year of Origination							
	2023	2022	2021	2020	2019	Prior	Revolving	Total
Commercial and industrial								
Pass	$ 2,921	$ 2,265	$ 1,545	$ 792	$ 742	$ 2,703	$ 14,060	$ 25,028
Watch	-	-	8	-	-	327	608	943
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	284	284
Total commercial and industrial	**$ 2,921**	**$ 2,265**	**$ 1,553**	**$ 792**	**$ 742**	**$ 3,030**	**$ 14,952**	**$ 26,255**
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Agricultural								
Pass	$ 2,719	$ 9,814	$ 4,272	$ 3,176	$ 874	$ 12,653	$ 10,487	$ 43,995
Watch	-	-	245	-	-	1634	35	1914
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	284	-	-	60	-	344
Total agricultural	**$ 2,719**	**$ 9,814**	**$ 4,801**	**$ 3,176**	**$ 874**	**$ 14,347**	**$ 10,522**	**$ 46,253**
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Real estate related industries								
Pass	$ 16,624	$ 12,082	$ 5,352	$ 5,135	$ 1,588	$ 8,044	$ 17,465	$ 66,290
Watch	-	-	-	-	-	911	1693	2604
Special mention	-	-	-	-	271	-	-	271
Substandard	-	-	339	-	-	603	-	942
Total real estate related industries	**$ 16,624**	**$ 12,082**	**$ 5,691**	**$ 5,135**	**$ 1,859**	**$ 9,558**	**$ 19,158**	**$ 70,107**
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other commercial								
Pass	$ 7,918	$ 1,624	$ 599	$ 209	$ 523	$ 832	$ 643	$ 12,348
Watch	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total other commercial	**$ 7,918**	**$ 1,624**	**$ 599**	**$ 209**	**$ 523**	**$ 832**	**$ 643**	**$ 12,348**
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Residential real estate								
Pass	$ 3,736	$ 4,193	$ 1,233	$ 2,664	$ 3,870	$ 9,547	$ 1,388	$ 26,631
Watch	-	-	-	-	-	57	-	57
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	124	-	124
Total residential real estate	**$ 3,736**	**$ 4,193**	**$ 1,233**	**$ 2,664**	**$ 3,870**	**$ 9,728**	**$ 1,388**	**$ 26,812**
Current period gross write-offs	**$** -	**$** -	**$** -	**$** -	**$** -	**$** -	**$** -	$ -
Consumer and other								
Pass	$ 10,635	$ 6,656	$ 3,226	$ 1,063	$ 694	$ 479	$ 3	$ 22,756
Watch	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-
Substandard	-	16	5	6	-	4	-	31
Total consumer	**$ 10,635**	**$ 6,672**	**$ 3,231**	**$ 1,069**	**$ 694**	**$ 483**	**$ 3**	**$ 22,787**
Current period gross write-offs	$ 21	$ 36	$ 26	$ 9	$ -	$ -	$ -	$ 92
Home Equity								
Pass	$ 292	$ 160	$ 24	$ 65	$ 38	$ 77	$ 7,154	$ 7,810
Watch	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	5	-	5
Total home equity	**$ 292**	**$ 160**	**$ 24**	**$ 65**	**$ 38**	**$ 82**	**$ 7,154**	**$ 7,815**
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total loans								
Pass	$ 44,845	$ 36,794	$ 16,251	$ 13,104	$ 8,329	$ 34,335	$ 51,200	$ 204,858
Watch	-	-	253.00	-	-	2,929.00	2,336.00	5518
Special mention	-	-	-	-	271.00	-	-	271
Substandard	-	16.00	628.00	6.00	-	796.00	284.00	1730
Total loans	**$ 44,845**	**$ 36,810**	**$ 17,132**	**$ 13,110**	**$ 8,600**	**$ 38,060**	**$ 53,820**	**$ 212,377**
Current period gross write-offs	$ 21	$ 36	$ 26	$ 9	$ -	$ -	$ -	$ 92

Continued...

(Dollars in thousands except per share data)

The following tables show an aging analysis of the loan portfolio by time past due as of December 31:

2024	Accruing Interest Current	Accruing Interest 30 - 89 Days Past Due	Accruing Interest More Than 90 Days Past Due	Nonaccrual Loans with No Allowance	Nonaccrual Loans with An Allowance	Total Loans
Commercial and industrial	$ 22,574	$ 297	$ -	$ 20	$ 243	$ 23,134
Agricultural	45,608	-	-	237	-	45,845
Other depository institutions	12,238	-	-	-	-	12,238
Real estate related industries	75,240	-	-	1,218	-	76,458
Other commercial	4,108	-	-	-	-	4,108
Residential real estate	25,294	41	-	143	3	25,481
Consumer and other	22,998	75	-	39	10	23,122
Home equity	9,642	25	-	-	-	9,667
Total	**$ 217,702**	**$ 438**	**$ -**	**$ 1,657**	**$ 256**	**$ 220,053**

2023	Accruing Interest Current	Accruing Interest 30 - 89 Days Past Due	Accruing Interest More Than 90 Days Past Due	Nonaccrual Loans with No Allowance	Nonaccrual Loans with An Allowance	Total Loans
Commercial and industrial	$ 25,955	$ 16	$ -	$ -	$ 284	$ 26,255
Agricultural	45,527	-	-	723	3	46,253
Real estate related industries	69,166	-	-	941	-	70,107
Other commercial	12,348	-	-	-	-	12,348
Residential real estate	26,674	30	-	92	16	26,812
Consumer and other	22,636	120	-	21	10	22,787
Home equity	7,790	25	-	-	-	7,815
Total	**$ 210,096**	**$ 191**	**$ -**	**$ 1,777**	**$ 313**	**$ 212,377**

The Corporation designates individually evaluated loans on nonaccrual status as collateral dependent loans, as well as other loans that management of the Corporation designates as having higher risk. Collateral dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral, and the borrower is experiencing financial difficulty. These loans do not share common risk characteristics and are not included within the collectively evaluated loans for determining the allowance for credit losses. For collateral dependent loans, the Corporation has adopted the practical expedient to measure the allowance for credit losses based on the fair value of the collateral. The allowance for credit losses is calculated on an individual loan basis based on the shortfall between the fair value of the loan's collateral, which is adjusted for liquidation costs and discounts, and amortized cost. If the fair value of the collateral exceeds the amortized cost, no allowance is required.

Continued...

(Dollars in thousands except per share data)

The Corporation has certain loans for which repayment is dependent upon the operation or sale of collateral as the borrower is experiencing financial difficulty. The underlying collateral can vary based on the type of loan. The following provides more detail about the types of collateral that secure collateral-dependent loans:

- Commercial real estate loans can be secured by either owner-occupied commercial real estate or non-owner-occupied Investment commercial real estate. Typically, owner-occupied commercial real estate loans are secured by office buildings, warehouses, manufacturing facilities, and other commercial and industrial properties occupied by operating companies. Non-owner-occupied commercial real estate loans are generally secured by office buildings and complexes, retail facilities, multifamily facilities, land under development, industrial properties, as well as other commercial and industrial real estate.

- Residential real estate loans are typically secured by first mortgages and, in some cases, could be secured by a second mortgage.

- Home equity lines of credit are generally secured by second mortgages on residential real estate property.

- Consumer loans are generally secured by automobiles, motorcycles, recreational vehicles, and other personal property.

- Some consumer loans are unsecured and have no underlying collateral.

The following table presents an analysis of collateral-dependent loans at December 31:

2024	Unsecured	Real estate dwelling first lien	Real estate dwelling second lien	Real estate agricultural	Real estate business	All assets	Automobile	Recreation vehicle	Total
Commercial and Industrial	$ -	$ -	$ -	$ -	$ -	$ 263	$ -	$ -	$ 263
Agricultural	2	-	-	237	-	51	-	-	290
Other depository institutions	-	-	-	-	-	-	-	-	-
Real estate related industries	-	550	-	-	904	-	-	-	1,454
Other commercial	-	-	-	-	-	-	-	-	-
Residential real estate	-	175	-	-	-	-	-	-	175
Consumer and other	-	-	-	-	-	-	48	1	49
Home equity	-	-	-	-	-	-	-	-	-
Total	**$ 2**	**$ 725**	**$ -**	**$ 237**	**$ 904**	**$ 314**	**$ 48**	**$ 1**	**$ 2,231**

2023	Unsecured	Real estate dwelling first lien	Real estate dwelling second lien	Real estate agricultural	Real estate business	All assets	Automobile	Recreation vehicle	Total
Commercial and Industrial	$ -	$ -	$ -	$ -	$ -	$ 284	$ -	$ -	$ 284
Agricultural	3	-	-	726	-	60	-	-	$ 789
Other depository institutions	-	-	-	-	-	-	-	-	$ -
Real estate related industries	-	595	-	-	602	-	-	-	$ 1,197
Other commercial	-	-	-	-	-	-	-	-	$ -
Residential real estate	-	147	-	-	-	-	-	-	$ 147
Consumer and other	-	-	-	-	-	-	29	3	$ 32
Home equity	-	-	5	-	-	-	-	-	5
Total	**$ 3**	**$ 742**	**$ 5**	**$ 726**	**$ 602**	**$ 344**	**$ 29**	**$ 3**	**$ 2,454**

For borrowers in financial distress, the Corporation may provide relief by modifying the loan through principal forgiveness, term extension, interest rate reduction, or an other-than-significant payment delay. In some cases, the Corporation provides multiple types of concessions for one specific loan. If, after the initial concession, the borrower continues to experience financial distress, an additional modification may be granted. There were no significant modifications to loans in 2024 and 2023.

Continued...

(Dollars in thousands except per share data)

5. SERVICING

The Bank services loans for others, which generally consists of collecting mortgage payments, maintaining escrow accounts, disbursing payments to investors and taxing authorities, and processing foreclosures. Loans serviced as of December 31, 2024, and 2023, were $42,823 and $45,790, respectively; such loans are not included on the consolidated balance sheets.

The following summarizes the carrying value and the changes therein of mortgage servicing rights for the years ended December 31:

	2024	2023
Mortgage servicing rights		
Balance at beginning of year	$ 362	$ 426
Mortgage servicing rights capitalized	16	10
Mortgage servicing rights amortized	(64)	(74)
Balance at end of year	**$ 314**	**$ 362**

6. PREMISES AND EQUIPMENT

Net premises and equipment consist of the following amounts at December 31:

	2024	2023
Bank premises and land	$ 9,761	$ 11,114
Furniture and equipment	4,186	4,393
Total	13,947	15,507
Less accumulated depreciation	7,890	7,809
Premises and equipment, net	**$ 6,057**	**$ 7,698**

Depreciation expenses were $370 and $394 for 2024 and 2023, respectively.

7. DEPOSITS

The composition of deposits is summarized as follows as of December 31:

	2024	2023
Interest-bearing		
Demand accounts	$ 171,477	$ 183,911
Savings	95,483	96,233
Money market demand	54,962	53,756
Time, $250,000 and over	2,515	3,291
Other time	19,314	22,483
Total interest-bearing	343,751	359,674
Noninterest-bearing demand	126,249	137,701
Total deposits	**$ 470,000**	**$ 497,375**

Continued...

(Dollars in thousands except per share data)

Scheduled maturities of time deposits for each of the five years succeeding December 31, 2024 and thereafter, are summarized as follows:

Year	Amount
2025	$ 11,279
2026	6,191
2027	1,370
2028	1,775
2029	1,209
After	5
Total	**$ 21,829**

8. FEDERAL INCOME TAXES

The provision for federal income taxes consists of the following components for the years ended December 31:

	2024	2023
Currently payable	$ 2,057	$ 1,980
Deferred (benefit) expense	(222)	(387)
Income taxes	**$ 1,835**	**$ 1,593**

A reconciliation between federal income tax expense reported and the amount computed by applying the statutory federal income tax rate to income before federal income taxes is as follows for the years ended December 31:

	2024	2023
Income tax provision at statutory rate	$ 1,863	$ 1,634
Effect of tax-exempt interest income	(105)	(106)
Other, net	77	65
Income taxes	**$ 1,835**	**$ 1,593**

The components of the net deferred income tax asset included within other assets in the accompanying consolidated balance sheets (measured at a 21% tax rate) resulted from the following temporary differences between the carrying amounts of assets and liabilities for federal income tax and financial reporting purposes as of December 31:

	2024	2023
Deferred tax assets		
Allowance for credit losses	587	$ 548
Unrealized loss on available-for-sale securities	1,953	2,852
Other	306	272
Total deferred tax assets	**2846**	**3672**
Deferred tax liabilities		
Depreciation	66	153
Mortgage servicing rights	66	76
Unrealized gain on interest rate derivatives	78	92
Other	99	152
Total deferred tax liabilities	**309**	**473**
Net deferred tax asset	**$ 2,537**	**$ 3,199**

Continued...

(Dollars in thousands except per share data)

The Corporation concluded that there are no significant uncertain tax positions requiring recognition in the Corporation's consolidated financial statements based on the evaluation performed for 2021 through 2024, the years that remain subject to examination by major tax jurisdictions as of December 31, 2024. The Corporation does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next 12 months. The Corporation does not have any amounts accrued for interest and penalties related to UTBs at December 31, 2024, or 2023, and it is not aware of any claims for such amounts by federal or state income tax authorities.

9. RELATED PARTY TRANSACTIONS

Loans

In the ordinary course of business, the Bank grants loans to certain directors, executive officers, and their affiliates. Such loans aggregated to $10,420 and $6,598 at December 31, 2024 and 2023, respectively.

Deposits

Deposits of Corporate directors, executive officers, and their affiliates were $8,480 and $8,002 at December 31, 2024 and 2023, respectively.

10. OFF-BALANCE SHEET ACTIVITIES

The bank is a party to credit related financial instruments with off-balance-sheet loss risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit, and commercial letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The Bank's exposure to credit loss is represented by the contractual amount of these commitments. The Bank follows the same credit policy in making commitments, including requirements for collateral, as it does for on-balance-sheet instruments; no significant losses are anticipated as a result of these commitments.

At December 31, 2024 and 2023, the following financial instruments were outstanding whose contract amounts represent credit risk:

	Contract Amount	
	2024	**2023**
Unfunded commitments under lines of credit	$ 68,812	$ 65,450
Commitments to grant loans	3,275	9,372
Commercial and standby letters of credit	755	750

Continued...

(Dollars in thousands except per share data)

The following table presents the balance and activity for the allowance for credit losses for unfunded loan commitments for 2024 and 2023:

	Total Allowance for Credit Losses - OBS
Balance, January 1, 2024	$ 45
Credit loss reversal	(20)
Balance, December 31, 2024	$ 25

	Total Allowance for Credit Losses - OBS
Balance, January 1, 2023	$ -
Adjustment to allowance for unfunded commitments for adoption of ASU 2016-13	112
Credit loss reversal	(67)
Balance, December 31, 2023	$ 45

Unfunded commitments under commercial lines of credit, revolving home equity lines of credit, revolving home equity lines of credit, and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. The commitments for equity lines of credit may expire without being drawn upon. These lines of credit are uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Bank is committed. A majority of such commitments are at fixed rates of interest; a portion is unsecured.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Bank, is based on management's credit evaluation of the customer.

Commercial and standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. These letters of credit are primarily issued to support public and private borrowing arrangements. Essentially, all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank generally holds collateral supporting those commitments if deemed necessary. Guarantees that are not derivative contracts have been recorded on the Corporation's consolidated balance sheets at their fair value at inception. The Bank considers stand by letters of credit to be guarantees; however, as the amount of the liability related to such guarantees on the commitment date is not significant, a liability related to such guarantees is not recorded at December 31, 2024 or 2023.

11. COMMON STOCK ACTIVITY, INCLUDING SHARE-BASED INCENTIVE PLANS

Common Stock Repurchases

During 2023, the Corporation repurchased 10,825 shares of its common stock. The repurchase price in excess of amounts identified with the original issuance of the common stock was charged entirely to retained earnings. There was no repurchase of common stock in 2024.

Continued...

(Dollars in thousands except per share data)

Share-based Compensation

Common Stock Options

The fair value of each option award is estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted average assumptions for the year ended December 31, 2024:

Risk-free interest rate	4.28%
Expected term	10 years
Expected stock price volatility	22.68%
Dividend yield or expected dividend	7.30%

Under the Corporation's 2021 Employee Stock Option Plan (the "Plan"), the Corporation may grant options to its directors, officers, and employees for the purchase of up to 128,000 shares of common stock, which can be increased annually up to 3% of the shares outstanding at January 1, 2013 (1,131,649) or 33,949 shares. The exercise of each option equals the market price of the Corporation's stock on the date of the grant, and an option's maximum term is ten years. The options vest ratably over five years from the date of the grant, and cliff vest five years from the date of the grant. The Corporation also has options outstanding under a Plan established in 2012 and terminated in 2021. The terms of the 2012 Plan are essentially the same as the 2021 Plan. For the year ended December 31, 2023, the Corporation recognized $1 in compensation expenses for stock option expense and unrecognized compensation costs related to nonvested awards as of December 31, 2024 were not material.

The expected volatility is based on historical volatility. The risk-free interest rates for periods within the contractual life of the awards are based on the U.S. Treasury yield curve in effect at the time of the grant. The expected life is based on historical exercise experience. The dividend yield assumption is based on the Corporation's history and expectation of dividend payouts.

In general, the Corporation's policy is to issue new shares upon the exercise of stock options; however, the option holder has the option under the Plan to sell shares of stock owned by the holder to the Corporation to facilitate the exercise of options. A summary of the changes in the status of the Corporation's stock option plan is presented below:

	Common Shares Subject to Option	Weighted Average Exercise Price	Average Remaining Contractual Terms
Outstanding at January 1, 2023	**155,497**	$ **28.06**	**5.94**
Granted	88,857	26.03	
Exercised	(9,075)	25.48	
Forfeited	(32,005)	22.53	
Outstanding at December 31, 2023	**203,274**	**$ 27.83**	**6.72**
Granted	69,490	30.67	
Exercised	(45,258)	28.36	
Forfeited	(5,023)	28.69	
Outstanding at December 31, 2024	**222,483**	**$ 28.58**	**6.37**

As of December 31, 2024, 91,331 options under the 2012 plan were outstanding at an average exercise price of $28.87 (range of $16.00-$36.00) of which 50,857 are exercisable, and 131,152 options under the 2021 plan were outstanding at an average exercise price of $28.37 (range of $26.00-36.00) of which 24,310 are exercisable.

Shares granted in 2024 and 2023 include 39,550 and 7,767 shares received in connection with the exercise of a "reload" option, in which the grantee tendered shares to pay the exercise price of an option and received a new option to purchase the number of shares of common stock equal to the number of shares tendered to pay the exercise price.

Reload options have an exercise price equal to the estimated fair value as of the date of exercise of the underlying option. The date of grant of the reload option is the date of exercise of the underlying option. The reload option may be exercised one year after it is granted and expires on the date of expiration of the underlying option to which the reload options are related.

Continued...

(Dollars in thousands except per share data)

Restricted Stock Awards

The Plan also authorizes the use of restricted stock awards, which were granted in 2024 and 2023. The fair value of restricted stock awards is estimated by the market price of the Corporation's common stock at the date of the grant. Under the provisions of the plan, the Corporation cannot be obligated to "cash-settle" any of the restricted stock awards through redemption. The shares become vested over a 5-year service period. During the period the shares are not vested, the grantee may not sell, assign, transfer, or pledge the shares but has all other rights of a shareholder, including the right to receive dividends and the right to vote such shares. Restricted stock is immediately forfeited when the employment of the grantee ceases. Restricted stock activity during 2024 and 2023 is summarized as follows:

	Number of Shares	Weighted-Average Grant-Date Fair Value per Share
Non-vested, January 1, 2023	**15,428**	**$ 30.04**
Granted	7,422	26.00
Vested	(5,055)	24.94
Cancelled and forfeited	(2,087)	28.73
Non-vested, December 31, 2023	**15,708**	**28.91**
Granted	7,130	28.80
Vested	(4,604)	28.67
Cancelled and forfeited	(903)	28.78
Non-vested, December 31, 2024	**17,331**	**$ 28.93**

Awards are being amortized to expense over the 5-year vesting period. Compensation costs related to restricted stock awards were $135 and $123 for 2024 and 2023, respectively. As of December 31, 2024, there was $501 of total remaining unrecognized compensation cost related to nonvested restricted stock awards granted under the Plan. The cost is expected to be recognized over the next 3 years.

In 2024 and 2023, such common stock equivalents had an impact of $0.04 and $0.02 on diluted earnings per share, respectively.

The weighted average number of outstanding common shares for 2024 and 2023 was 1,266,742 and 1,251,148, respectively. The average shares and dilutive potential common shares for 2024 and 2023 were 1,275,638 and 1,253,981.

12. REGULATORY REQUIREMENTS

Capital Requirements

The Corporation (on a consolidated basis) and the Bank are subject to various regulatory capital requirements, including restrictions on dividends, administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Corporation's and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework of prompt corrective acting, the Corporation and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, capital, and certain off-balance-sheet items as defined in the regulation and calculated under regulatory accounting practices.

Continued...

(Dollars in thousands except per share data)

The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Failure to meet capital requirements can initiate regulatory action.

Quantitative measurements established by regulation to ensure capital adequacy require the Corporation and the Bank to maintain minimum amounts and ratios (set forth in the following table). Management believes that, as of December 31, 2024 and 2023, the Corporation and the Bank met all capital adequacy requirements to which they are subject.

As of December 31, 2024 and 2023, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since the notification that management believes have changed the Bank's category. The Corporation's and the Bank's actual capital amounts and ratios as of December 31, 2024 and 2023 are also presented in the table.

	Actual		Minimum Capital Requirements		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
December 31, 2024	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Total Capital to Risk Weighted Assets						
Consolidated	$ 58,445	16.32 %	$ 37,613	10.50 %	N/A	N/A
Bank	57,010	15.91	37,613	10.50	$ 35,822	10.00 %
Tier 1 (Core) Capital To Risk Weighted Assets						
Consolidated	55,649	15.53	30,449	8.50	N/A	N/A
Bank	54,214	15.13	30,449	8.50	28,658	8.00
Common Tier 1 (CET1)						
Consolidated	55,649	15.53	25,075	7.00	N/A	N/A
Bank	54,214	15.13	25,075	7.00	23,284	6.50
Tier 1 (Core) Capital To Average Assets						
Consolidated	55,649	9.94	22,394	4.00	N/A	N/A
Bank	54,214	9.68	22,394	4.00	27,992	5.00

	Actual		Minimum Capital Requirements		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
December 31, 2023	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Total Capital to Risk Weighted Assets						
Consolidated	$ 53,409	13.75 %	$ 40,774	10.50 %	N/A	N/A
Bank	52,188	13.44	40,774	10.50	$ 38,833	10.00 %
Tier 1 (Core) Capital To Risk Weighted Assets						
Consolidated	50,800	13.08	33,008	8.50	N/A	N/A
Bank	49,580	12.77	33,008	8.50	31,066	8.00
Common Tier 1 (CET1)						
Consolidated	50,800	13.08	27,183	7.00	N/A	N/A
Bank	49,580	12.77	27,183	7.00	25,241	6.50
Tier 1 (Core) Capital To Average Assets						
Consolidated	50,800	9.42	21,571	4.00	N/A	N/A
Bank	49,580	9.19	21,571	4.00	26,964	5.00

Continued...

(Dollars in thousands except per share data)

Restrictions on Dividends, Loans, and Advances

Federal and state banking regulations place certain restrictions on the amount of loans or advances that can be extended to the Corporation by the Bank, and dividends that can be paid to the Corporation by the Bank. The total amount of dividends which may be paid at any date is generally limited to the retained earnings of the Bank, and loans or advances are limited to 10% of the Bank's capital stock and surplus on a secured basis. In addition, dividends paid by the Bank to the Corporation would be prohibited if the effect thereof would cause the Bank's capital to be reduced below applicable minimum capital requirements.

13. CONTINGENCIES

Litigation

The Corporation is party to litigation arising during the normal course of business. Based on consultation with management believes that the resolution of such litigation is not expected to have a material effect on the consolidated financial statements.

Environmental Issues

Acquiring real estate from foreclosure proceedings exposes the Corporation to potential claims and possible legal proceedings involving environmental matters. As of December 31, 2024, no such claims have been asserted.

14. OTHER EMPLOYEE BENEFIT PLANS

401(k) Plan

The Bank maintains a deferred compensation plan qualified under Section 401(k) of the Internal Revenue Code. Under this plan, eligible employees are permitted to contribute up to 100% of gross compensation into the retirement plan up to a maximum determined by the Internal Revenue Code; the Bank matches each employee contribution at a rate of up to 50% of the first 6% contributed by the employee. Expenses associated with the plan amounted to $123 and $117 in 2024 and 2023, respectively. The 401(k) retirement plan also has a defined contribution profit-sharing feature that covers substantially all of the Bank's employees. Contributions to the plan are based on an employee's earnings, as defined in the plan document. Expenses associated with the plan amounted to $510 and $436 in 2024 and 2023, respectively.

Deferred Compensation Plan

In 2018, the Corporation adopted a deferred compensation plan. Pursuant to the terms of the Deferred Compensation Plan, Bank Officers are permitted to defer all or a portion of any annual bonus and receive shares of the Corporation equal to the stock value based on the closing price on the day the bonus is issued. In addition, the participant's account will be credited with additional shares representing 25% bonus shares based on the number of shares credited from the deferral. Board members may also elect to defer any or all of their board fees and receive the same 25% bonus shares. The bonus shares for both deferred annual bonus amounts and deferred director's fees vest after three years of service, death, disability, or upon mandator retirement from the board. The Deferred Compensation Plan does not allow for cash settlement.

The amounts deferred under the arrangements and invested in the Corporation's common stock are maintained in a grantor ("Rabbi") trust. Assets of the Rabbi Trust are consolidated with the Corporation, and the value of the Corporation's common shares held in the Rabbi Trust is classified in shareholders' equity. The Corporation recognizes the original amount of deferred compensation as the basis for recognition in the Rabbi Trust. Changes in the fair value owed to employees are not recognized as the Deferred Compensation Plan does not permit diversification and must be settled on by the delivery of a fixed number of shares of the Corporation's common stock. The Corporation recognized $325 and $245 of compensation expense related to this plan in 2024 and 2023, respectively, and has recorded a related obligation totaling $893 and $789 with shareholders' equity at December 31, 2024 and 2023, respectively. As of December 31, 2024, a total of 32,474 shares are held in the Rabbi Trust, of which 1,431 remain unvested. The weighted average share price of shares held in the Rabbi Trust at December 31, 2024 is $28.92.

Continued...

(Dollars in thousands except per share data)

Bank-Owned Life Insurance

The Bank has invested in single premium, bank owned, whole life insurance policies on certain officers of the Bank. Bank-owned life insurance is an alternative investment vehicle, generally non-liquid, which may produce additional earnings to offset, and later fund, various employee supplemental benefit expenses. The earnings on the policies are not taxed unless withdrawn or surrendered prior to the death of the insured. The increase in cash surrender value of the policies, which was $288 and $264 in 2024 and 2023, respectively, is included in noninterest income on the consolidated statements of income.

The benefit promised by the Bank to the covered officers is established at one time the officer's salary at the date of death; such benefit expires if the officer's employment is terminated for any reason other than death, including voluntary or involuntary termination or retirement. Based primarily on the ages of the covered officers, the Bank believes that the payment of such benefits is not probable; accordingly, the Bank has not recognized compensation expense for such benefits.

15. ACCUMULATED OTHER COMPREHENSIVE LOSS (AOCL)

The following table presents a reconciliation of the changes in the components of AOCL and details the components of AOCL, including the amount of income taxes allocated to each component of AOCL:

	Unrealized Holding Losses on Securities AFS	Unrealized Gains (Losses) on Cash Flow Hedges	Total
Balance, January 1, 2024	$ (10,728)	$ 345	$ (10,383)
Unrealized gains (losses) arising during the period	3,696	(63)	3,633
Amortization of held-to-maturity securities	529	-	529
Reclassification adjustment for realized losses on securities	55	-	55
Reclassification adjustments for interest included in net income	-	(3)	(3)
Net unrealized gain (loss)	4,280	(66)	4,214
Tax effect*	(899)	14	(885)
OCI, net of tax	3,381	(52)	3,329
Balance, December 31, 2024	$ (7,347)	$ 293	$ (7,054)

	Unrealized Holding Losses on Securities AFS	Unrealized Gains (Losses) on Cash Flow Hedges	Total
Balance, January 1, 2023	$ (14,875)	$ 516	$ (14,359)
Unrealized gains (losses) arising during the period	4,827	(213)	4,614
Amortization of held-to-maturity securities	422	-	422
Reclassification adjustments for interest included in net income	-	(3)	(3)
Net unrealized gain (loss)	5,249	(216)	5,033
Tax effect*	(1,102)	45	(1,057)
OCI, net of tax	4,147	(171)	3,976
Balance, December 31, 2023	$ (10,728)	$ 345	$ (10,383)

Continued...

(Dollars in thousands except per share data)

The following table details reclassification adjustments and the related affected line items in the Corporation's consolidated statements of comprehensive income (loss) for 2024 and 2023:

Details about Accumulated Other Comprehensive Income (Loss) Components December 31, 2024	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item in the Consolidated Statements of Income
Realized losses on securities available for sale		(55)	Non interest expense
Tax effect*		12	Income taxes
	$	**(43)**	Net income

Details about Accumulated Other Comprehensive Income (Loss) Components December 31, 2024	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item in the Consolidated Statements of Income
Realized gains on cash flow hedges	$	104	Interest expense
Realized losses on cash flow hedges		(78)	Interest income
Tax effect*		(5)	Income taxes
	$	**21**	Net income

Details about Accumulated Other Comprehensive Income (Loss) Components December 31, 2023	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item in the Consolidated Statements of Income
Realized gains on cash flow hedges	$	75	Interest expense
Realized losses on cash flow hedges		(78)	Interest income
Tax effect*		1	Income taxes
	$	**(2)**	Net income

*Based on federal income tax rate of 21%.

16. DERIVATIVES

Risk Management Objective of Using Derivatives

The Corporation is exposed to certain risks arising from both its business operations and economic conditions. The Corporation principally manages its exposures to a wide variety of business and operational risks through the management of its core business activities. The Corporation manages economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Corporation enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which is determined by interest rates. The Corporation's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Corporation's known or expected cash receipts and its known or expected cash payments principally related to the Corporation's public funds and revolving lines of credit.

Continued...

(Dollars in thousands except per share data)

Cash Flow Hedges of Interest Rate Risk

The Corporation's objectives in using interest rate derivatives are to add stability to interest income and expense and to manage its exposure to interest rate movements. To accomplish this objective, the Corporation primarily uses interest rate swaps and caps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Corporation making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate caps designated as cash flow hedges involve the receipt of variable amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up-from premium. During 2024 and 2023, such derivatives were used to hedge the variable cash flows associated with existing variable-rate revolving lines of credit.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded as AOCL and subsequently reclassified into interest expense and interest income in the same periods during which the hedge transaction affects earnings. Amounts reported in AOCL related to derivatives will be reclassified to interest expense and interest income as interest payments are made on the Corporation's public funds and revolving lines of credit.

Interest rate swaps with notional amounts totaling $30 million as of December 31, 2024, were designated as cash flow hedges of certain and were determined to be effective during all periods presented. The Corporation expects the hedges to remain effective during the remaining terms of the swaps.

The Corporation presents derivative position gross on the consolidated balance sheet. The following table reflects the derivatives recorded on the consolidated balance sheet as of December 31:

	2024	
	Notional Amount	Fair Value
Included in other assets:		
Derivatives designated as hedging instruments:		
Interest rate swaps related to cash flow hedges	$ 30,000,000	$ 5

The effects of cash flow hedge accounting on accumulated other comprehensive loss for years ended December 31 are as follows:

	2024		
	Amount of gain (loss) recognized in OCL on derivative	Location of gain (loss) reclassified from OCL into income	Amount of gain (loss) reclassified from OCL into income
Interest rate contracts	$ 392	Interest income	$ (78)
	(99)	Interest expense	104

	2023		
	Amount of gain (loss) recognized in OCL on derivative	Location of gain (loss) reclassified from OCL into income	Amount of gain (loss) reclassified from OCL into income
Interest rate contracts	$ 454	Interest income	$ (78)
	(109)	Interest expense	75

At December 31, 2024, the Corporation expected $4 of the unrealized gain to be reclassified as a reduction of interest expense during 2025.

Continued...

(Dollars in thousands except per share data)

17. SUPPLEMENTAL CASH FLOWS INFORMATION

Other Cash Flows Information

Cash paid for interest and income taxes amounted to the following during the years ended December 31:

	2024	2023
Interest	$ 4,116	$ 1,960
Income taxes	$ 1,563	$ 1,181

Non-Cash Financing Activities

During 2024, options for the purchase of 560 common shares were exercised.

Additionally, during 2024 and 2023, 44,698 and 9,075 common shares were exercised through a reload option whereby 39,550 and 7,767 common shares were tendered to pay the exercise price (“cashless exercise”). The issuance of shares upon exercise of common stock options has been recorded net of the tendered shares in the consolidated statements of shareholders’ equity.

18. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Corporation’s primary revenue stream accounted for under ASC 606 relates to service charges on deposit accounts.

The Corporation earns fees from its deposit customers for transaction-based fees, account maintenance, and overdraft services. Transaction-based fees, including those for services such as ATM fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Corporation fulfills the customer’s request. Account maintenance fees, which primarily relate to monthly account maintenance, are earned over the course of the month, which represents the period over which the Corporation satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposit are deducted from the customer’s account balance.

End of Notes

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Rehmann

INDEPENDENT AUDITORS' REPORT

March 5, 2025

Shareholders and Board of Directors
Eastern Michigan Financial Corporation
Croswell, Michigan

Opinion

We have audited the consolidated financial statements of ***Eastern Michigan Financial Corporation*** (the "Corporation"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (the "consolidated financial statements")

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ***Eastern Michigan Financial Corporation*** as of December 31, 2024 and 2023, and the consolidated results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

HLB THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

5800 Gratiot, Suite 201, Saginaw, MI 48638 989.799.9580

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the Letter to Shareholders, 2024 Highlights and Ten Year Financial Profile and other nonfinancial information but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Rehmann Robson LLC

5800 Gratiot, Suite 201, Saginaw, MI 48638 989.799.9580

MILESTONES

Several of our esteemed employees marked significant work anniversaries in 2024.
We are grateful for their commitment and extend our heartfelt thanks for their dedicated service.

5 YEAR AWARD

Joe Pink
VP, IT Manager, CISO,
Main Office, Croswell

Tami Anderson
Branch Manager
Sandusky

Christine Raymo
Teller
Lexington

Kim Stencel
AVP, Branch Manager
Lexington

Katie Krause
Loan Support Specialist
Operations Center

Melanie Schoen
Float Teller
Northern Branches

Lisa Hatch
Assistant Branch Manager
Lexington

10 YEAR AWARD

Suzanne Hedges
Teller
Fort Gratiot

25 YEAR AWARD

Mike O'Vell
VP, Consumer Loan Manager
Security Officer
Main Office, Croswell

35 YEAR AWARD

Roxann Green
Head Teller
Sandusky

LOCATIONS AND WEBSITE

MAIN OFFICE
65 N. Howard Avenue
Croswell, Michigan 48422
810.679.2500

CROSWELL BRANCH
37 N. Howard Avenue
Croswell, Michigan 48422
810.679.3620

DECKERVILLE BRANCH
3636 Main Street
Deckerville, Michigan 48427
810.376.2015

FORT GRATIOT BRANCH
3061 Krafft Road
Fort Gratiot, Michigan 48059
810.966.2281

LAKEPORT BRANCH
7090 Lakeshore Road
Lakeport, Michigan 48059
810.385.3211

LEXINGTON BRANCH
5446 Main Street
Lexington, Michigan 48450
810.359.5353

OPERATIONS CENTER
66 N. Howard Avenue
Croswell, Michigan 48422
810.679.2500

MARINE CITY BRANCH
355 S. Parker Street
Marine City, Michigan 48039
810.676.6001

MARYSVILLE BRANCH
2970 Gratiot Boulevard
Marysville, Michigan 48040
810.364.4854

PORT HURON, WATER ST
600 Water Street
Port Huron, Michigan 48060
810.987.9777

PORT HURON, MILITARY ST
1430 Military St, Suite 1
Port Huron, Michigan 48060
800.397.2504

RUTH BRANCH
7004 E. Atwater Road
Ruth, Michigan 48470
989.864.3380

SANDUSKY BRANCH
324 S. Sandusky Road
Sandusky, Michigan 48471
810.648.3230

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