SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED September 30, 2025

Commission file number 0-7818

INDEPENDENT BANK CORPORATION

(Exact name of registrant as specified in its charter)

Michigan	38-2032782
(State or jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

4200 East Beltline, Grand Rapids, Michigan 49525
(Address of principal executive offices)

(616) 527-5820
(Registrant's telephone number, including area code)

NONE
Former name, address and fiscal year, if changed since last report.

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Trading Symbol	Name of each exchange which registered
Common stock, no par value	IBCP	The Nasdaq Stock Market, LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company.
Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act. Yes ☐ No ☐
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES ☐ NO ☒
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: common stock, no par value, 20,691,952 as of November 4, 2025.

INDEPENDENT BANK CORPORATION AND SUBSIDIARIES

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FORWARD-LOOKING STATEMENTS

Statements in this report that are not statements of historical fact, including statements that include terms such as ‘‘will,’’ ‘‘may,’’ ‘‘should,’’ ‘‘believe,’’ ‘‘expect,’’ ‘‘forecast,’’ ‘‘anticipate,’’ ‘‘estimate,’’ ‘‘project,’’ ‘‘intend,’’ ‘‘likely,’’ ‘‘optimistic’’ and ‘‘plan’’ and statements about future or projected financial and operating results, plans, projections, objectives, expectations, and intentions, are forward-looking statements. Forward-looking statements include, but are not limited to, descriptions of plans and objectives for future operations, products or services; projections of our future revenue, earnings or other measures of economic performance; forecasts of credit losses and other asset quality trends; statements about our business and growth strategies; and expectations about economic and market conditions and trends. These forward-looking statements express our current expectations, forecasts of future events, or long-term goals. They are based on assumptions, estimates, and forecasts that, although believed to be reasonable, may turn out to be incorrect. Actual results could differ materially from those discussed in the forward-looking statements for a variety of reasons, including:

- economic, market, operational, liquidity, credit, and interest rate risks associated with our business;
- economic conditions generally and in the financial services industry, particularly economic conditions within Michigan and the regional and local real estate markets in which our bank operates;
- the failure of assumptions underlying the establishment of, and provisions made to, our allowance for credit losses;
- increased competition in the financial services industry, either nationally or regionally;
- our ability to achieve loan and deposit growth;
- volatility and direction of market interest rates;
- the continued services of our management team; and
- implementation of new legislation, which may have significant effects on us and the financial services industry.

This list provides examples of factors that could affect the results described by forward-looking statements contained in this report, but the list is not intended to be all-inclusive. The risk factors disclosed in Part I – Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024, as updated by any new or modified risk factors disclosed in Part II – Item 1A of any subsequently filed Quarterly Report on Form 10-Q, include the known risks our management believes could materially affect the results described by forward-looking statements in this report. However, those risks may not be the only risks we face. Our results of operations, cash flows, financial position, and prospects could also be materially and adversely affected by additional factors that are not presently known to us that we currently consider to be immaterial, or that develop after the date of this report. We cannot assure you that our future results will meet expectations. While we believe the forward-looking statements in this report are reasonable, you should not place undue reliance on any forward-looking statement. In addition, these statements speak only as of the date made. We do not undertake, and expressly disclaim, any obligation to update or alter any statements, whether as a result of new information, future events, or otherwise, except as required by applicable law.

Part I - Item 1. INDEPENDENT BANK CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Financial Condition

	September 30, 2025	December 31, 2024
	(Unaudited)	
	(In thousands, except share amounts)	
Assets		
Cash and due from banks	$ 56,378	$ 56,984
Interest bearing deposits	152,308	62,898
Cash and Cash Equivalents	208,686	119,882
Securities available for sale	502,583	559,182
Securities held to maturity (fair value of $293,242 at September 30, 2025 and $301,860 at December 31, 2024)	321,450	339,436
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	18,102	16,099
Loans held for sale, carried at fair value	11,654	7,643
Loans		
Commercial	2,125,053	1,937,364
Mortgage	1,517,656	1,516,726
Installment	555,574	584,735
Total Loans	4,198,283	4,038,825
Allowance for credit losses	(62,459)	(59,379)
Net Loans	4,135,824	3,979,446
Other real estate and repossessed assets, net	589	938
Property and equipment, net	38,805	37,492
Bank-owned life insurance	53,875	53,855
Capitalized mortgage loan servicing rights, carried at fair value	31,522	46,796
Other intangibles, net	1,123	1,488
Goodwill	28,300	28,300
Accrued income and other assets	140,600	147,547
Total Assets	$ 5,493,113	$ 5,338,104
Liabilities and Shareholders' Equity		
Deposits		
Non-interest bearing	$ 1,003,521	$ 1,013,647
Savings and interest-bearing checking	2,040,462	1,995,314
Reciprocal	981,115	907,031
Time	660,815	628,285
Brokered time	173,242	109,811
Total Deposits	4,859,155	4,654,088
Other borrowings	2,006	45,009
Subordinated debt	—	39,586
Subordinated debentures	39,847	39,796
Accrued expenses and other liabilities	101,363	104,939
Total Liabilities	5,002,371	4,883,418
Commitments and contingent liabilities		
Shareholders' Equity		
Preferred stock, no par value, 200,000 shares authorized; none issued or outstanding	—	—
Common stock, no par value, 500,000,000 shares authorized; issued and outstanding: 20,691,604 shares at September 30, 2025 and 20,895,714 shares at December 31, 2024	311,770	318,777
Retained earnings	239,602	205,853
Accumulated other comprehensive loss	(60,630)	(69,944)
Total Shareholders' Equity	490,742	454,686
Total Liabilities and Shareholders' Equity	$ 5,493,113	$ 5,338,104

See notes to interim condensed consolidated financial statements (Unaudited)

INDEPENDENT BANK CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
	(Unaudited)		(Unaudited)	
	(In thousands, except per share amounts)			
Interest Income				
Interest and fees on loans	$ 61,325	$ 58,410	$ 178,628	$ 170,239
Interest on securities				
Taxable	3,660	4,502	11,492	14,466
Tax-exempt	2,767	3,404	8,310	10,195
Other investments	1,538	2,018	3,882	4,898
Total Interest Income	69,290	68,334	202,312	199,798
Interest Expense				
Deposits	21,972	24,462	63,389	70,148
Other borrowings and subordinated debt and debentures	1,957	2,018	5,262	6,253
Total Interest Expense	23,929	26,480	68,651	76,401
Net Interest Income	45,361	41,854	133,661	123,397
Provision for credit losses	1,991	1,488	4,212	2,251
Net Interest Income After Provision for Credit Losses	43,370	40,366	129,449	121,146
Non-interest Income				
Interchange income	4,157	4,146	10,674	10,698
Service charges on deposit accounts	3,131	3,085	8,926	8,894
Net gains (losses) on assets				
Mortgage loans	1,474	2,177	5,408	4,874
Equity securities at fair value	—	(8)	—	2,685
Securities available for sale	(36)	(145)	(355)	(414)
Mortgage loan servicing, net	74	(3,130)	(72)	1,686
Other	3,137	3,383	9,105	8,818
Total Non-interest Income	11,937	9,508	33,686	37,241
Non-interest Expense				
Compensation and employee benefits	21,125	20,048	62,631	62,069
Data processing	3,784	3,379	11,360	9,891
Occupancy, net	2,127	1,893	6,396	5,853
Interchange expense	1,180	1,149	3,476	3,373
Advertising	526	581	2,220	1,860
Furniture, fixtures and equipment	892	932	2,570	2,834
Loan and collection	618	657	2,148	1,868
FDIC deposit insurance	615	664	1,963	2,141
Communications	465	519	1,526	1,633
Legal and professional	682	687	1,661	1,717
Other	2,117	2,074	6,204	4,870
Total Non-interest Expense	34,131	32,583	102,155	98,109
Income Before Income Tax	21,176	17,291	60,980	60,278
Income tax expense	3,674	3,481	11,011	11,949
Net Income	$ 17,502	$ 13,810	$ 49,969	$ 48,329
Net Income Per Common Share				
Basic	$ 0.85	$ 0.66	$ 2.40	$ 2.31
Diluted	$ 0.84	$ 0.65	$ 2.38	$ 2.29

See notes to interim condensed consolidated financial statements (Unaudited)

INDEPENDENT BANK CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	(Unaudited - In thousands)			
Net income	$ 17,502	$ 13,810	$ 49,969	$ 48,329
Other comprehensive income				
Securities available for sale				
Unrealized gains arising during period	11,475	11,822	7,972	13,618
Accretion of net unrealized losses on securities transferred to held to maturity	777	818	2,405	2,493
Reclassification adjustments for losses included in earnings	36	145	355	414
Unrealized gains recognized in other comprehensive income on securities available for sale	12,288	12,785	10,732	16,525
Income tax expense	2,581	2,685	2,254	3,470
Unrealized gains recognized in other comprehensive income on securities available for sale, net of tax	9,707	10,100	8,478	13,055
Derivative instruments				
Unrealized gains (losses) arising during period	(1,182)	2,744	(485)	52
Reclassification adjustment for expense recognized in earnings	610	390	1,543	1,005
Unrealized gains (losses) recognized in other comprehensive income on derivative instruments	(572)	3,134	1,058	1,057
Income tax expense (benefit)	(122)	658	222	222
Unrealized gains (losses) recognized in other comprehensive income on derivative instruments, net of tax	(450)	2,476	836	835
Other comprehensive income	9,257	12,576	9,314	13,890
Comprehensive income	$ 26,759	$ 26,386	$ 59,283	$ 62,219

See notes to interim condensed consolidated financial statements (Unaudited)

INDEPENDENT BANK CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows

	Nine months ended September 30,	
	2025	2024
	(Unaudited - In thousands)	
Net Income	$ 49,969	$ 48,329
Adjustments to Reconcile Net Income to Net Cash From Operating Activities		
Proceeds from sales of equity securities at fair value	—	2,685
Proceeds from sales of loans held for sale	265,152	279,046
Disbursements for loans held for sale	(263,956)	(276,535)
Provision for credit losses	4,212	2,251
Deferred income tax benefit	(2,600)	(150)
Net deferred loan fees	820	149
Net depreciation, amortization of intangible assets and premiums and accretion of discounts on securities and loans	7,518	7,522
Net gains on mortgage loans	(5,408)	(4,874)
Net gains on equity securities at fair value	—	(2,685)
Net losses on sales of securities available for sale	355	414
Share based compensation	1,968	1,744
(Increase) decrease in accrued income and other assets	16,520	(2,437)
Decrease in accrued expenses and other liabilities	(5,682)	(8,677)
Total Adjustments	18,899	(1,547)
Net Cash From Operating Activities	68,868	46,782
Cash Flow Used in Investing Activities		
Proceeds from the sale of securities available for sale	30,581	39,431
Proceeds from the sale of securities held to maturity previously charged off	—	1,125
Proceeds from maturities, prepayments and calls of securities available for sale	54,733	66,039
Proceeds from maturities, prepayments and calls of securities held to maturity	21,848	14,236
Purchases of securities held to maturity	(2,000)	(3,628)
Purchases of securities available for sale	(17,957)	—
Purchases of Federal Home Loan Bank stock	(3,212)	—
Proceeds from the redemption of Federal Home Loan Bank stock	1,209	722
Net increase in portfolio loans (loans originated, net of principal payments)	(178,896)	(163,731)
Proceeds from the sale of portfolio loans	20,222	14,807
Proceeds from bank-owned life insurance	861	889
Proceeds from the sale of other real estate and repossessed assets	735	822
Proceeds from the sale of property and equipment	—	299
Capital expenditures	(5,057)	(3,941)
Net Cash Used in Investing Activities	(76,933)	(32,930)
Cash Flow From (Used in) Financing Activities		
Net increase in total deposits	205,067	3,996
Net decrease in other borrowings	(3)	(26)
Proceeds from Federal Home Loan Bank Advances	232,000	—
Payments of Federal Home Loan Bank Advances	(275,000)	(50,000)
Repayment of subordinated debt	(40,000)	—
Dividends paid	(16,220)	(15,032)
Repurchase of common stock	(7,770)	—
Share based compensation withholding obligation	(1,205)	(1,011)
Net Cash From (Used in) Financing Activities	96,869	(62,073)
Net Increase in Cash and Cash Equivalents	88,804	(48,221)
Cash and Cash Equivalents at Beginning of Period	119,882	169,781
Cash and Cash Equivalents at End of Period	$ 208,686	$ 121,560
Cash paid during the period for		
Interest	$ 68,515	$ 78,720
Income taxes	11,650	11,400
Transfers to other real estate and repossessed assets	309	864
Right of use assets obtained in exchange for lease obligations	2,030	2,354

See notes to interim condensed consolidated financial statements (Unaudited)

INDEPENDENT BANK CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Shareholders' Equity

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	(Dollars in thousands, except per share amounts)			
Balances at July 1, 2025	$ 311,653	$ 227,484	$ (69,887)	$ 469,250
Net income, three months ended September 30, 2025	—	17,502	—	17,502
Cash dividends declared, $0.26 per share	—	(5,384)	—	(5,384)
Repurchase of 13,732 shares of common stock	(413)	—	—	(413)
Share based compensation (issuance of 0 shares of common stock)	571	—	—	571
Share based compensation withholding obligation (withholding of 1,237 shares of common stock)	(41)	—	—	(41)
Other comprehensive income	—	—	9,257	9,257
Balances at September 30, 2025	$ 311,770	$ 239,602	$ (60,630)	$ 490,742
Balances at July 1, 2024	$ 317,676	$ 183,611	$ (70,828)	$ 430,459
Net income, three months ended September 30, 2024	—	13,810	—	13,810
Cash dividends declared, $0.24 per share	—	(5,016)	—	(5,016)
Share based compensation (issuance of 0 shares of common stock)	574	—	—	574
Share based compensation withholding obligation (withholding of 1,036 shares of common stock)	(34)	—	—	(34)
Other comprehensive income	—	—	12,576	12,576
Balances at September 30, 2024	$ 318,216	$ 192,405	$ (58,252)	$ 452,369
Balances at January 1, 2025	$ 318,777	$ 205,853	$ (69,944)	$ 454,686
Net income, nine months ended September 30, 2025	—	49,969	—	49,969
Cash dividends declared, $0.78 per share	—	(16,220)	—	(16,220)
Repurchase of 266,008 shares of common stock	(7,770)	—	—	(7,770)
Share based compensation (issuance of 94,600 shares of common stock)	1,968	—	—	1,968
Share based compensation withholding obligation (withholding of 35,495 shares of common stock)	(1,205)	—	—	(1,205)
Other comprehensive income	—	—	9,314	9,314
Balances at September 30, 2025	$ 311,770	$ 239,602	$ (60,630)	$ 490,742
Balances at January 1, 2024	$ 317,483	$ 159,108	$ (72,142)	$ 404,449
Net income, nine months ended September 30, 2024	—	48,329	—	48,329
Cash dividends declared, $0.72 per share	—	(15,032)	—	(15,032)
Share based compensation (issuance of 102,324 shares of common stock)	1,744	—	—	1,744
Share based compensation withholding obligation (withholding of 40,986 shares of common stock)	(1,011)	—	—	(1,011)
Other comprehensive income	—	—	13,890	13,890
Balances at September 30, 2024	$ 318,216	$ 192,405	$ (58,252)	$ 452,369

See notes to interim condensed consolidated financial statements (Unaudited)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Preparation of Financial Statements

The interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequate to make the information not misleading. The unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes for the year ended December 31, 2024 included in our Annual Report on Form 10-K.

In our opinion, the accompanying unaudited interim condensed consolidated financial statements contain all the adjustments necessary to present fairly our consolidated financial condition as of September 30, 2025 and December 31, 2024, and the results of operations for the three and nine-month periods ended September 30, 2025 and 2024. The results of operations for the three and nine-month periods ended September 30, 2025, are not necessarily indicative of the results to be expected for the full year. Certain reclassifications have been made in the prior period interim condensed consolidated financial statements to conform to the current period presentation. Our critical accounting policies include the determination of the allowance for credit losses ("ACL") and the valuation of capitalized mortgage loan servicing rights. Refer to our 2024 Annual Report on Form 10-K for a disclosure of our accounting policies.

2. New Accounting Standards

In December, 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". This ASU modifies the rules on income tax disclosures to require entities to disclose (1) specific categories in the rate reconciliation, (2) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (3) income tax expense or benefit from continuing operations (separated by federal, state and foreign). This ASU also requires entities to disclose their income tax payments to international, federal, state and local jurisdictions, among other changes. This ASU takes effect in annual reporting periods beginning after December 15, 2024, with early adoption permitted. The adoption of this ASU on January 1, 2025, did not have a material impact on our interim Condensed Consolidated Financial Statements.

In December, 2024, the FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses". This ASU requires public business entities to disaggregate certain expense captions into specific categories in disclosures within the footnotes to the consolidated financial statements. This ASU takes effect in annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. We do not expect the adoption of this ASU to have a material impact on our interim Condensed Consolidated Financial Statements.

3. Securities

Securities available for sale (“AFS”) consist of the following:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(In thousands)			
September 30, 2025				
U.S. agency	$ 8,509	$ 1	$ 439	$ 8,071
U.S. agency residential mortgage-backed	85,014	117	6,935	78,196
U.S. agency commercial mortgage-backed	8,362	—	907	7,455
Private label mortgage-backed	44,358	262	2,684	41,936
Other asset backed	32,548	24	443	32,129
Obligations of states and political subdivisions	320,802	—	41,187	279,615
Corporate	56,080	11	1,891	54,200
Trust preferred	989	—	8	981
Total	$ 556,662	$ 415	$ 54,494	$ 502,583
December 31, 2024				
U.S. agency	$ 8,858	$ 1	$ 700	$ 8,159
U.S. agency residential mortgage-backed	80,589	47	9,499	71,137
U.S. agency commercial mortgage-backed	12,821	—	1,180	11,641
Private label mortgage-backed	74,268	263	4,496	70,035
Other asset backed	39,232	18	734	38,516
Obligations of states and political subdivisions	330,874	14	42,097	288,791
Corporate	73,960	—	4,039	69,921
Trust preferred	986	—	4	982
Total	$ 621,588	$ 343	$ 62,749	$ 559,182

Securities held to maturity ("HTM") consist of the following:

	Carrying Value	Transferred Unrealized Loss (1)	ACL	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
				(In thousands)			
September 30, 2025							
U.S. agency	$ 23,119	$ 1,280	$ —	$ 24,399	$ —	$ 3,929	$ 20,470
U.S. agency residential mortgage-backed	94,648	7,916	—	102,564	—	19,715	82,849
U.S. agency commercial mortgage-backed	3,926	76	—	4,002	—	261	3,741
Private label mortgage-backed	7,310	106	2	7,418	—	315	7,103
Obligations of states and political subdivisions	150,784	4,089	19	154,892	43	15,366	139,569
Corporate	40,706	260	67	41,033	—	2,523	38,510
Trust preferred	957	39	4	1,000	—	—	1,000
Total	$ 321,450	$ 13,766	$ 92	$ 335,308	$ 43	$ 42,109	$ 293,242
December 31, 2024							
U.S. agency	$ 24,150	$ 1,404	$ —	$ 25,554	$ —	$ 4,987	$ 20,567
U.S. agency residential mortgage-backed	100,700	8,669	—	109,369	—	24,631	84,738
U.S. agency commercial mortgage-backed	4,013	107	—	4,120	—	402	3,718
Private label mortgage-backed	7,350	190	1	7,541	—	551	6,990
Obligations of states and political subdivisions	156,305	5,262	17	161,584	28	19,461	142,151
Corporate	45,964	496	111	46,571	—	3,875	42,696
Trust preferred	954	43	3	1,000	—	—	1,000
Total	$ 339,436	$ 16,171	$ 132	$ 355,739	$ 28	$ 53,907	$ 301,860

(1) Represents the remaining unrealized loss to be accreted on securities that were transferred from AFS to HTM on April 1, 2022.

Our investments' gross unrealized losses and fair values for securities AFS aggregated by investment type and length of time that individual securities have been at a continuous unrealized loss position follows:

	Less Than Twelve Months		Twelve Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In thousands)					
September 30, 2025						
U.S. agency	$ 1,232	$ 7	$ 6,710	$ 432	$ 7,942	$ 439
U.S. agency residential mortgage-backed	6,395	11	50,236	6,924	56,631	6,935
U.S. agency commercial mortgage-backed	—	—	7,456	907	7,456	907
Private label mortgage-backed	—	—	40,298	2,684	40,298	2,684
Other asset backed	1,021	4	25,368	439	26,389	443
Obligations of states and political subdivisions	155	10	279,299	41,177	279,454	41,187
Corporate	—	—	52,503	1,891	52,503	1,891
Trust preferred	—	—	982	8	982	8
Total	$ 8,803	$ 32	$ 462,852	$ 54,462	$ 471,655	$ 54,494
December 31, 2024						
U.S. agency	$ 324	$ 1	$ 7,565	$ 699	$ 7,889	$ 700
U.S. agency residential mortgage-backed	147	—	61,219	9,499	61,366	9,499
U.S. agency commercial mortgage-backed	—	—	11,641	1,180	11,641	1,180
Private label mortgage-backed	2,551	8	66,411	4,488	68,962	4,496
Other asset backed	3,984	19	27,052	715	31,036	734
Obligations of states and political subdivisions	221	1	288,570	42,096	288,791	42,097
Corporate	1,473	23	68,448	4,016	69,921	4,039
Trust preferred	—	—	982	4	982	4
Total	$ 8,700	$ 52	$ 531,888	$ 62,697	$ 540,588	$ 62,749

Securities AFS in unrealized loss positions are evaluated quarterly for impairment related to credit losses. For securities AFS in an unrealized loss position, we first assess whether we intend to sell, or it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. No securities AFS met these two criteria during the periods presented. For securities AFS that do not meet this criteria, we evaluate whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, we consider the extent to which fair value is less than amortized cost, adverse conditions specifically related to the security and the issuer and the impact of changes in market interest rates on the market value of the security, among other factors. If this assessment indicates that a credit loss exists, we compare the present value of cash flows expected to be collected from the security with the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis for the security, a credit loss exists and an ACL is recorded, limited to the amount that the fair value of the security is less than its amortized cost basis. Any impairment that has not been recorded through an ACL is recognized in other comprehensive income, net of applicable taxes. No ACL for securities AFS was needed at September 30, 2025 and December 31, 2024. Accrued interest receivable on securities AFS totaled $3.1 million and $3.9

million at September 30, 2025 and December 31, 2024, respectively, and is excluded from the estimate of credit losses and is included in accrued income and other assets in the interim Condensed Consolidated Statements of Financial Condition.

U.S. agency, U.S. agency residential mortgage-backed and U.S. agency commercial mortgage-backed securities — at September 30, 2025, we had 29 U.S. agency, 88 U.S. agency residential mortgage-backed and 9 U.S. agency commercial mortgage-backed securities whose fair value is less than amortized cost. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major credit rating agencies, and have a long history of no credit losses. The unrealized losses are largely attributed to widening spreads to Treasury bonds and/or an increase in interest rates since acquisition.

Private label mortgage backed, other asset backed and corporate securities — at September 30, 2025, we had 50 private label mortgage backed, 37 other asset backed, and 58 corporate securities whose fair value is less than amortized cost. The unrealized losses are primarily due to credit spread widening and/or an increase in interest rates since acquisition.

Obligations of states and political subdivisions — at September 30, 2025, we had 290 municipal securities whose fair value is less than amortized cost. The unrealized losses are primarily due to an increase in interest rates since acquisition.

Trust preferred securities — at September 30, 2025, we had one trust preferred security whose fair value is less than amortized cost. This trust preferred security is a single issue security issued by a trust subsidiary of a bank holding company. The pricing of trust preferred securities has suffered from credit spread widening. This security is rated by a major rating agency as investment grade.

At September 30, 2025 management does not intend to liquidate any of the securities discussed above and it is more likely than not that we will not be required to sell these securities prior to recovery of these unrealized losses.

We recorded no credit related charges in our interim Condensed Consolidated Statements of Operations related to securities AFS during the three and nine month periods ended September 30, 2025 and 2024, respectively.

The ACL on securities HTM is a contra asset valuation account that is deducted from the carrying amount of securities HTM to present the net amount expected to be collected. Securities HTM are charged off against the ACL when deemed uncollectible. Adjustments to the ACL are reported in our interim Condensed Consolidated Statements of Operations in provision for credit losses. We measure expected credit losses on securities HTM on a collective basis by major security type with each type sharing similar risk characteristics, and consider historical credit loss information. Accrued interest receivable on securities HTM totaled $1.7 million at both September 30, 2025 and December 31, 2024, respectively and is excluded from the estimate of credit losses and is included in accrued income and other assets in the interim Condensed Consolidated Statements of Financial Condition. With regard to U.S. Government-sponsored agency and mortgage-backed securities (residential and commercial), all these securities are issued by a U.S. government-sponsored entity and have an implicit or explicit government guarantee; therefore, no allowance for credit losses has been recorded for these securities. With regard to obligations of states and political subdivisions, private label-mortgage-backed, corporate and trust preferred securities HTM, we consider (1) issuer bond ratings, (2) historical loss rates for given bond ratings, (3) the financial condition of the issuer, and (4) whether issuers continue to make timely principal and interest payments under the contractual terms of the securities. Historical loss rates associated with securities having similar grades as those in our portfolio have been insignificant. During the first quarter of 2023, one corporate security (Signature Bank) defaulted resulting in a full charge-off. Subsequent to this security's charge-off, a portion of its fair value had recovered and was subsequently sold during the first quarter of 2024 for $1.1 million during which period we recorded that amount as a recovery to the ACL. Despite this lone security loss, the long-term historical loss rates associated with securities having similar grades as those in our portfolio have been insignificant. Furthermore, as of September 30, 2025 and December 31, 2024, there were no past due principal and interest payments associated with these securities. At those same dates an allowance for credit losses of $92,000 and $132,000, respectively was recorded on non U.S. agency securities HTM based on applying the long-term historical credit loss rate, as published by credit rating agencies, for similarly rated securities.

On a quarterly basis, we monitor the credit quality of securities HTM through the use of credit ratings. The carrying value of securities HTM aggregated by credit quality follow:

	Private Label Mortgage-Backed	Obligations of States and Political Subdivisions	Corporate	Trust Preferred	Carrying Value Total
			(In thousands)		
September 30, 2025					
Credit rating:					
AAA	$ 7,310	$ 17,764	$ —	$ —	$ 25,074
AA	—	117,374	—	—	117,374
A	—	1,886	5,003	—	6,889
BBB	—	443	30,751	—	31,194
BB	—	—	1,979	—	1,979
Non-rated	—	13,317	2,973	957	17,247
Total	$ 7,310	$ 150,784	$ 40,706	$ 957	$ 199,757
December 31, 2024					
Credit rating:					
AAA	$ 7,350	$ 34,973	$ —	$ —	$ 42,323
AA	—	101,112	—	—	101,112
A	—	3,473	5,005	—	8,478
BBB	—	652	36,045	—	36,697
BB	—	—	1,963	—	1,963
Non-rated	—	16,095	2,951	954	20,000
Total	$ 7,350	$ 156,305	$ 45,964	$ 954	$ 210,573

An analysis of the allowance for credit losses by security HTM type for the three months ended September 30 follows:

	Private Label Mortgage-Backed	Obligations of States and Political Subdivisions	Corporate	Trust Preferred	Total
			(In thousands)		
2025					
Balance at beginning of period	$ 1	$ 17	$ 111	$ 4	$ 133
Additions (deductions)					
Provision for credit losses	1	2	(44)	—	(41)
Recoveries credited to the allowance	—	—	—	—	—
Securities HTM charged against the allowance	—	—	—	—	—
Balance at end of period	$ 2	$ 19	$ 67	$ 4	$ 92
2024					
Balance at beginning of period	$ 4	$ 31	$ 116	$ 4	$ 155
Additions (deductions)					
Provision for credit losses	(3)	(14)	(5)	—	(22)
Recoveries credited to the allowance	—	—	—	—	—
Securities HTM charged against the allowance	—	—	—	—	—
Balance at end of period	$ 1	$ 17	$ 111	$ 4	$ 133

An analysis of the allowance for credit losses by security HTM type for the nine months ended September 30 follows:

	Private Label Mortgage-Backed	Obligations of States and Political Subdivisions	Corporate	Trust Preferred	Total
			(In thousands)		
2025					
Balance at beginning of period	$ 1	$ 17	$ 111	$ 3	$ 132
Additions (deductions)					
Provision for credit losses	1	2	(44)	1	(40)
Recoveries credited to the allowance	—	—	—	—	—
Securities HTM charged against the allowance	—	—	—	—	—
Balance at end of period	$ 2	$ 19	$ 67	$ 4	$ 92
2024					
Balance at beginning of period	$ 4	$ 33	$ 116	$ 4	$ 157
Additions (deductions)					
Provision for credit losses	(3)	(16)	(1,130)	—	(1,149)
Recoveries credited to the allowance	—	—	1,125	—	1,125
Securities HTM charged against the allowance	—	—	—	—	—
Balance at end of period	$ 1	$ 17	$ 111	$ 4	$ 133

The amortized cost and fair value of securities AFS and securities HTM at September 30, 2025, by contractual maturity, follow:

	Securities AFS		Securities HTM	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands)			
Maturing within one year	$ 24,490	$ 24,216	$ 13,117	$ 12,967
Maturing after one year but within five years	127,044	120,736	48,794	46,630
Maturing after five years but within ten years	42,007	38,417	91,368	82,613
Maturing after ten years	192,839	159,498	68,045	57,339
	386,380	342,867	221,324	199,549
U.S. agency residential mortgage-backed	85,014	78,196	102,564	82,849
U.S. agency commercial mortgage-backed	8,362	7,455	4,002	3,741
Private label mortgage-backed	44,358	41,936	7,418	7,103
Other asset backed	32,548	32,129	—	—
Total	$ 556,662	$ 502,583	$ 335,308	$ 293,242

The actual maturity may differ from the contractual maturity because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

Gains and losses realized on the sale of securities AFS are determined using the specific identification method and are recognized on a trade-date basis. A summary of proceeds from the sale of securities AFS and gains and losses for the nine month periods ending September 30, follows:

		Realized	
	Proceeds	Gains	Losses
	(In thousands)		
2025	$ 30,581	$ 37	$ 392
2024	39,431	14	428

During the second quarter of 2024 we acquired certain securities classified as equity securities at fair value consisting of Visa Inc. Class C common stock. These securities were all sold during the second and third quarters of 2024. During both the three and nine months ended September 30, 2024, we recognized gains (losses) on these equity securities of $(0.01) million and $2.7 million, respectively that are included in net gains on equity securities at fair value in the interim Condensed Consolidated Statements of Operations. We had no equity securities at fair value during the same periods in 2025. See note #13.

4. Loans

We estimate the ACL based on relevant available information from both internal and external sources, including historical loss trends, current conditions and forecasts, specific analysis of individual loans, and other relevant and appropriate factors. The ACL process is designed to provide for expected future losses based on our reasonable and supportable (“R&S”) forecast as of the reporting date. Our ACL process is administered by our Risk Management group utilizing a third party software solution, with significant input and ultimate approval from our Executive Enterprise Risk Committee. Further, we have established a current expected credit loss ("CECL") Forecast Committee, which includes a cross discipline structure with membership from Executive Management, Risk Management, Credit Administration and Accounting, which approves ACL model assumptions each quarter. Our ACL is comprised of three principal elements: (i) specific analysis of individual loans identified during the review of the loan portfolio, (ii) pooled analysis of loans with similar risk characteristics based on historical experience, adjusted for current conditions, R&S forecasts, and expected prepayments, and (iii) additional allowances based on subjective factors, including local and general economic business factors and trends, portfolio concentrations and changes in the size and/or the general terms of the loan portfolio.

The first ACL element (specific allocations) includes loans that do not share similar risk characteristics and are evaluated on an individual basis. We will typically evaluate on an individual basis loans that are on nonaccrual; commercial loans that have been modified resulting in a concession, for which the borrower is experiencing financial difficulties, and which are considered loan modifications or with well defined weaknesses; and severely delinquent mortgage and installment loans. When we determine that foreclosure is probable or when repayment is expected to be provided substantially through the operation or sale of underlying collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for estimated selling costs. For loans evaluated on an individual basis that are not determined to be collateral dependent, a discounted cash flow analysis is performed to determine expected credit losses.

The second ACL element (pooled analysis) includes loans with similar risk characteristics, which are broken down by segment, class, and risk metric. The Bank’s primary segments of commercial, mortgage, and installment loans are further classified by other relevant attributes, such as collateral type, lien position, occupancy status, amortization method, and balance size. Commercial classes are additionally segmented by risk rating, and mortgage and installment loan classes by credit score tier, which are updated at least semi-annually.

We utilize a discounted cash flow (“DCF”) model to estimate expected future losses for pooled loans. Expected future cash flows are developed from payment schedules over the contractual term, adjusted for forecasted default (probability of default), loss, and prepayment assumptions. We are not required to develop forecasts over the full contractual term of the financial asset or group of financial assets. Rather, for periods beyond which we are able to make or obtain R&S forecasts of expected credit losses, we revert to the long term average on a straight line or immediate basis, as determined by our CECL Forecast Committee, and which may vary depending on the economic outlook and uncertainty.

The DCF model for the mortgage and installment pooled loan segments includes using probability of default (“PD”) assumptions that are derived through regression analysis with forecasted US unemployment levels by credit score tier. We review a composite forecast of approximately 50 analysts as well as the Federal Open Market Committee (“FOMC”) projections in setting the unemployment forecast for the R&S period. The current ACL utilizes a one year R&S forecast followed by immediate reversion to the 75 year average unemployment rate. PD assumptions for the remaining segments are based primarily on historical rates by risk metric as defaults were not strongly correlated with any economic indicator. Loss given default (“LGD”) assumptions for the mortgage loan segment are based on a two years forecast followed by a two year straight line reversion period to the longer term average, while LGD rates for the remaining segments are the historical average for the entire period. Prepayment assumptions represent average rates per segment for a period determined by the CECL Forecast Committee and as calculated through the Bank’s Asset and Liability Management program.

Pooled reserves for the commercial loan segment are calculated using the DCF model with assumptions generally based on historical averages by class and risk rating. Effective risk rating practices allow for strong predictability of defaults and losses over the portfolio’s expected shorter duration, relative to mortgage and installment loans. Our rating system is similar to those employed by state and federal banking regulators.

The third ACL element (additional allocations based on subjective factors) is based on factors that cannot be associated with a specific credit or loan category and reflects our attempt to ensure that the overall ACL appropriately reflects a margin for the imprecision necessarily inherent in the estimates of expected credit losses. We adjust our quantitative model for certain qualitative factors to reflect the extent to which management expects current conditions and R&S forecasts to differ from the conditions that existed for the period over which historical information was evaluated. The qualitative framework reflects changes related to relevant data, such as changes in asset quality trends, portfolio growth and composition, national and local economic factors, credit policy and administration and other factors not considered in the base quantitative model. We utilize a survey completed by business unit management throughout the Bank, as well as discussion with the CECL Forecast Committee to establish reserves under the qualitative framework.

An analysis of the allowance for credit losses by portfolio segment for the three months ended September 30, follows:

	Commercial	Mortgage	Installment	Subjective Allocation	Total
			(In thousands)		
2025					
Balance at beginning of period	$ 25,890	$ 20,752	$ 3,015	$ 11,500	$ 61,157
Additions (deductions)					
Provision for credit losses	2,587	(231)	470	(794)	2,032
Recoveries credited to the allowance	7	35	431	—	473
Loans charged against the allowance	—	(10)	(1,193)	—	(1,203)
Balance at end of period	$ 28,484	$ 20,546	$ 2,723	$ 10,706	$ 62,459
2024					
Balance at beginning of period	$ 18,979	$ 20,731	$ 3,901	$ 12,630	$ 56,241
Additions (deductions)					
Provision for credit losses	1,082	(1,004)	1,156	276	1,510
Recoveries credited to the allowance	101	131	479	—	711
Loans charged against the allowance	—	(26)	(992)	—	(1,018)
Balance at end of period	$ 20,162	$ 19,832	$ 4,544	$ 12,906	$ 57,444

An analysis of the ACL by portfolio segment for the nine months ended September 30, follows:

	Commercial	Mortgage	Installment	Subjective Allocation	Total
			(In thousands)		
2025					
Balance at beginning of period	$ 22,872	$ 22,317	$ 3,040	$ 11,150	$ 59,379
Additions (deductions)					
Provision for credit losses	5,617	(1,850)	929	(444)	4,252
Recoveries credited to the allowance	73	205	1,326	—	1,604
Loans charged against the allowance	(78)	(126)	(2,572)	—	(2,776)
Balance at end of period	$ 28,484	$ 20,546	$ 2,723	$ 10,706	$ 62,459
2024					
Balance at beginning of period	$ 16,724	$ 21,386	$ 4,126	$ 12,422	$ 54,658
Additions (deductions)					
Provision for credit losses	3,199	(1,524)	1,241	484	3,400
Recoveries credited to the allowance	239	270	1,597	—	2,106
Loans charged against the allowance	—	(300)	(2,420)	—	(2,720)
Balance at end of period	$ 20,162	$ 19,832	$ 4,544	$ 12,906	$ 57,444

Loans on non-accrual status and past due more than 90 days ("Non-performing Loans") follow:

	Non-Accrual with no Allowance for Credit Loss	Non-Accrual with an Allowance for Credit Loss	Total Non-Accrual	90+ and Still Accruing	Total Non-Performing Loans
			(In thousands)		
September 30, 2025					
Commercial					
Commercial and industrial (1)	$ —	$ —	$ —	$ —	$ —
Commercial real estate	—	13,825	13,825	—	13,825
Mortgage					
1-4 family owner occupied - jumbo	1,480	—	1,480	—	1,480
1-4 family owner occupied - non-jumbo (2)	1,659	718	2,377	—	2,377
1-4 family non-owner occupied	139	93	232	—	232
1-4 family - 2nd lien	725	759	1,484	—	1,484
Resort lending	—	57	57	—	57
Installment					
Boat lending	—	400	400	—	400
Recreational vehicle lending	—	288	288	—	288
Other	—	212	212	—	212
Total	$ 4,003	$ 16,352	$ 20,355	$ —	$ 20,355
Accrued interest excluded from total	$ —	$ —	$ —	$ —	$ —
December 31, 2024					
Commercial					
Commercial and industrial (1)	$ —	$ 49	$ 49	$ —	$ 49
Commercial real estate	—	—	—	—	—
Mortgage					
1-4 family owner occupied - jumbo	1,480	—	1,480	—	1,480
1-4 family owner occupied - non-jumbo (2)	1,929	496	2,425	—	2,425
1-4 family non-owner occupied	—	157	157	—	157
1-4 family - 2nd lien	246	769	1,015	—	1,015
Resort lending	—	143	143	—	143
Installment					
Boat lending	—	209	209	—	209
Recreational vehicle lending	—	377	377	—	377
Other	—	147	147	—	147
Total	$ 3,655	$ 2,347	$ 6,002	$ —	$ 6,002
Accrued interest excluded from total	$ —	$ —	$ —	$ —	$ —

(1) Non-performing commercial and industrial loans exclude zero and $0.005 million of government guaranteed loans at September 30, 2025 and December 31, 2024, respectively.
(2) Non-performing 1-4 family owner occupied – non jumbo loans exclude $2.243 million and $1.785 million of government guaranteed loans at September 30, 2025 and December 31, 2024, respectively.

The following table provides collateral information by class of loan for collateral-dependent loans with specific allocations of the ACL. A loan is considered to be collateral dependent when the borrower is experiencing financial difficulty and the repayment is expected to be provided substantially through the operation or sale of collateral.

The amortized cost of collateral-dependent loans by class follows:

	Collateral Type		Allowance for Credit Losses
	Real Estate	Other (1)	
	(In thousands)		
September 30, 2025			
Commercial			
Commercial and industrial	$ 687	$ 9,180	$ 1,481
Commercial real estate	15,012	—	3,459
Mortgage			
1-4 family owner occupied - jumbo	1,480	—	—
1-4 family owner occupied - non-jumbo	2,688	—	366
1-4 family non-owner occupied	154	—	5
1-4 family - 2nd lien	1,032	—	109
Resort lending	57	—	20
Installment			
Boat lending	—	318	113
Recreational vehicle lending	—	215	76
Other	—	88	31
Total	$ 21,110	$ 9,801	$ 5,660
Accrued interest excluded from total	$ 8	$ 56	
December 31, 2024			
Commercial			
Commercial and industrial	$ 686	$ 5,166	$ 1,647
Commercial real estate	817	—	3
Mortgage			
1-4 family owner occupied - jumbo	1,480	—	—
1-4 family owner occupied - non-jumbo	2,903	—	347
1-4 family non-owner occupied	—	—	—
1-4 family - 2nd lien	510	—	94
Resort lending	143	—	51
Installment			
Boat lending	—	87	31
Recreational vehicle lending	—	266	94
Other	—	92	33
Total	$ 6,539	$ 5,611	$ 2,300
Accrued interest excluded from total	$ 5	$ 34	

(1) Commercial and industrial loan collateral generally includes machinery and equipment, accounts receivable, and inventory.

An aging analysis of loans by class follows:

	Loans Past Due				Loans not Past Due	Total Loans
	30-59 days	60-89 days	90+ days	Total		
			(In thousands)			
September 30, 2025						
Commercial						
Commercial and industrial	$ —	$ —	$ —	$ —	$ 1,118,967	$ 1,118,967
Commercial real estate	—	—	—	—	1,006,086	1,006,086
Mortgage						
1-4 family owner occupied - jumbo	662	1,402	1,491	3,555	875,248	878,803
1-4 family owner occupied - non-jumbo	1,371	1,169	1,337	3,877	284,743	288,620
1-4 family non-owner occupied	61	36	140	237	169,001	169,238
1-4 family - 2nd lien	721	309	411	1,441	151,749	153,190
Resort lending	—	115	57	172	27,633	27,805
Installment						
Boat lending	199	35	318	552	278,853	279,405
Recreational vehicle lending	627	251	192	1,070	199,274	200,344
Other	324	162	63	549	75,276	75,825
Total	$ 3,965	$ 3,479	$ 4,009	$ 11,453	$ 4,186,830	$ 4,198,283
Accrued interest excluded from total	$ 32	$ 36	$ —	$ 68	$ 14,089	$ 14,157
December 31, 2024						
Commercial						
Commercial and industrial	$ 78	$ —	$ 54	$ 132	$ 1,001,197	$ 1,001,329
Commercial real estate	—	—	—	—	936,035	936,035
Mortgage						
1-4 family owner occupied - jumbo	755	664	1,480	2,899	872,652	875,551
1-4 family owner occupied - non-jumbo	3,395	1,653	1,201	6,249	292,893	299,142
1-4 family non-owner occupied	329	—	—	329	176,621	176,950
1-4 family - 2nd lien	648	66	345	1,059	132,888	133,947
Resort lending	—	—	143	143	30,993	31,136
Installment						
Boat lending	281	99	87	467	263,874	264,341
Recreational vehicle lending	622	395	190	1,207	223,330	224,537
Other	231	158	25	414	95,443	95,857
Total	$ 6,339	$ 3,035	$ 3,525	$ 12,899	$ 4,025,926	$ 4,038,825
Accrued interest excluded from total	$ 65	$ 44	$ —	$ 109	$ 13,352	$ 13,461

During the three months ended September 30, 2025 there were no loans modified to a borrower experiencing financial difficulty.

During the nine months ended September 30, 2025 there were two mortgage - 1-4 family owner occupied - non-jumbo loans modified to borrowers experiencing financial difficulty totaling $0.10 million (0.1% of the total loan class). Both of the loan modifications to borrowers experiencing financial difficulty during the nine months ended September 30, 2025 related to term extensions and added a weighted average 12.0 years to the life of the loans. One of the loans modified during the nine months ended September 30, 2025 also received a 4.75% interest rate reduction. Both of the loans modified during the nine months ended September 30, 2025 were on non-accrual status.

During the three months ended September 30, 2024 there was one mortgage - 1-4 family owner occupied - non-jumbo loan modification to a borrower experiencing financial difficulty totaling $0.08 million (0.1% of the total loan class). The modification during the three months ended September 30, 2024 related to a term extension that added a weighted average 2.1 years to the life of the loan.

During the nine months ended September 30, 2024 there were five mortgage - 1-4 family owner occupied - non-jumbo loans, one mortgage 1-4 family - 2nd lien loan, and one installment - other loan modified to borrowers experiencing financial difficulty totaling $0.51 million (0.1% of the total loan class), $0.07 million (0.1% of the total loan class), and $0.01 million (0.1% of the total loan class), respectively. All of the loan modifications to borrowers experiencing financial difficulty during the nine months ended September 30, 2024 related to term extensions and added a weighted average 2.1 years to the life of the loans. All of the loans modified during the nine months ended September 30, 2024 were on non-accrual status.

As of September 30, 2025, none of the loans that were modified to borrowers experiencing financial difficulty within the past 12 months have subsequently defaulted.

A loan is generally considered to be in payment default once it is 90 days contractually past due under the modified terms for commercial loans and installment loans and when four consecutive payments are missed for mortgage loans.

In order to determine whether a borrower is experiencing financial difficulty, we perform an evaluation of the probability that the borrower will be in payment default on any of its debt in the foreseeable future without the modification. This evaluation is performed under our internal underwriting policy.

Credit Quality Indicators – As part of our on-going monitoring of the credit quality of our loan portfolios, we track certain credit quality indicators including (a) risk grade of commercial loans, (b) the level of classified commercial loans, (c) credit scores of mortgage and installment loan borrowers, and (d) delinquency history and non-performing loans.

For commercial loans, we use a loan rating system that is similar to those employed by state and federal banking regulators. Loans are graded on a scale of 1 to 12. A description of the general characteristics of the ratings follows:

Rating 1 through 6: These loans are generally referred to as our “non-watch” commercial credits that include very high or exceptional credit fundamentals through acceptable credit fundamentals.

Rating 7 and 8: These loans are generally referred to as our “watch” commercial credits. These ratings include loans to borrowers that exhibit potential credit weakness or downward trends. If not checked or cured these trends could weaken our asset or credit position. While potentially weak, no loss of principal or interest is envisioned with these ratings.

Rating 9: These loans are generally referred to as our “substandard accruing” commercial credits. This rating includes loans to borrowers that exhibit a well-defined weakness where payment default is probable and loss is possible if deficiencies are not corrected. Generally, loans with this rating are considered collectible as to both principal and interest primarily due to collateral coverage.

Rating 10 and 11: These loans are generally referred to as our ‘‘substandard - non-accrual’’ and ‘‘doubtful’’ commercial credits. These ratings include loans to borrowers with weaknesses that make collection of the loan in full, on the basis of current facts, conditions and values at best questionable and at worst improbable. All of these loans are placed in non-accrual.

Rating 12: These loans are generally referred to as our “loss” commercial credits. This rating includes loans to borrowers that are deemed incapable of repayment and are charged-off.

The following tables summarize loan ratings by loan class for our commercial portfolio loan segment at September 30, 2025 and December 31, 2024:

	Commercial							
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2025	2024	2023	2022	2021	Prior		
	(In thousands)							
September 30, 2025								
Commercial and industrial								
Non-watch (1-6)	$ 134,978	$ 193,874	$ 137,933	$ 115,430	$ 59,345	$ 151,690	$ 297,535	$ 1,090,785
Watch (7-8)	146	1,953	2,848	935	1,270	6,940	4,224	18,316
Substandard Accrual (9)	—	1,845	—	—	881	290	6,850	9,866
Non-Accrual (10-11)	—	—	—	—	—	—	—	—
Total	$ 135,124	$ 197,672	$ 140,781	$ 116,365	$ 61,496	$ 158,920	$ 308,609	$ 1,118,967
Accrued interest excluded from total	$ 376	$ 557	$ 465	$ 292	$ 143	$ 626	$ 1,198	$ 3,657
Current period gross charge-offs	$ —	$ —	$ 78	$ —	$ —	$ —	$ —	$ 78
Commercial real estate								
Non-watch (1-6)	$ 133,658	$ 165,637	$ 171,323	$ 165,496	$ 70,317	$ 185,779	$ 59,315	$ 951,525
Watch (7-8)	8,232	1,317	8,096	16,588	—	4,967	346	39,546
Substandard Accrual (9)	—	—	401	—	129	660	—	1,190
Non-Accrual (10-11)	—	—	13,825	—	—	—	—	13,825
Total	$ 141,890	$ 166,954	$ 193,645	$ 182,084	$ 70,446	$ 191,406	$ 59,661	$ 1,006,086
Accrued interest excluded from total	$ 454	$ 574	$ 520	$ 624	$ 146	$ 653	$ 224	$ 3,195
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total Commercial								
Non-watch (1-6)	$ 268,636	$ 359,511	$ 309,256	$ 280,926	$ 129,662	$ 337,469	$ 356,850	$ 2,042,310
Watch (7-8)	8,378	3,270	10,944	17,523	1,270	11,907	4,570	57,862
Substandard Accrual (9)	—	1,845	401	—	1,010	950	6,850	11,056
Non-Accrual (10-11)	—	—	13,825	—	—	—	—	13,825
Total	$ 277,014	$ 364,626	$ 334,426	$ 298,449	$ 131,942	$ 350,326	$ 368,270	$ 2,125,053
Accrued interest excluded from total	$ 830	$ 1,131	$ 985	$ 916	$ 289	$ 1,279	$ 1,422	$ 6,852
Current period gross charge-offs	$ —	$ —	$ 78	$ —	$ —	$ —	$ —	$ 78

	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2024	2023	2022	2021	2020	Prior		
	(In thousands)							
December 31, 2024								
Commercial and industrial								
Non-watch (1-6)	$ 183,261	$ 137,270	$ 142,630	$ 71,225	$ 72,928	$ 106,086	$ 242,573	$ 955,973
Watch (7-8)	10,348	3,055	1,251	9,002	5,636	336	2,104	31,732
Substandard Accrual (9)	2,693	2,052	1,642	2,208	267	195	4,513	13,570
Non-Accrual (10-11)	—	—	—	47	—	7	—	54
Total	$ 196,302	$ 142,377	$ 145,523	$ 82,482	$ 78,831	$ 106,624	$ 249,190	$ 1,001,329
Accrued interest excluded from total	$ 612	$ 478	$ 361	$ 217	$ 342	$ 341	$ 959	$ 3,310
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial real estate								
Non-watch (1-6)	$ 142,154	$ 236,390	$ 153,321	$ 75,053	$ 49,969	$ 166,966	$ 72,879	$ 896,732
Watch (7-8)	—	—	16,007	—	—	4,400	18,079	38,486
Substandard Accrual (9)	—	—	—	135	—	682	—	817
Non-Accrual (10-11)	—	—	—	—	—	—	—	—
Total	$ 142,154	$ 236,390	$ 169,328	$ 75,188	$ 49,969	$ 172,048	$ 90,958	$ 936,035
Accrued interest excluded from total	$ 608	$ 632	$ 628	$ 166	$ 131	$ 658	$ 363	$ 3,186
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total Commercial								
Non-watch (1-6)	$ 325,415	$ 373,660	$ 295,951	$ 146,278	$ 122,897	$ 273,052	$ 315,452	$ 1,852,705
Watch (7-8)	10,348	3,055	17,258	9,002	5,636	4,736	20,183	70,218
Substandard Accrual (9)	2,693	2,052	1,642	2,343	267	877	4,513	14,387
Non-Accrual (10-11)	—	—	—	47	—	7	—	54
Total	$ 338,456	$ 378,767	$ 314,851	$ 157,670	$ 128,800	$ 278,672	$ 340,148	$ 1,937,364
Accrued interest excluded from total	$ 1,220	$ 1,110	$ 989	$ 383	$ 473	$ 999	$ 1,322	$ 6,496
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

For each of our mortgage and installment portfolio segment classes, we generally monitor credit quality based on the credit scores of the borrowers. These credit scores are generally updated semi-annually.

The following tables summarize credit scores by loan class for our mortgage and installment loan portfolio segments at September 30, 2025 and December 31, 2024:

	Mortgage (1)							
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2025	2024	2023	2022	2021	Prior		
	(In thousands)							
September 30, 2025								
1-4 family owner occupied - jumbo								
800 and above	$ 8,154	$ 5,850	$ 10,895	$ 39,616	$ 59,830	$ 31,923	$ 709	$ 156,977
750-799	29,151	34,883	33,679	89,609	184,279	81,095	1,148	453,844
700-749	14,630	16,074	13,007	40,329	54,308	31,822	2,494	172,664
650-699	5,056	4,115	7,639	15,332	14,096	18,197	—	64,435
600-649	1,129	746	3,569	6,936	1,574	4,604	—	18,558
550-599	—	871	995	2,626	1,677	2,068	—	8,237
500-549	—	—	—	681	725	1,959	—	3,365
Under 500	—	—	—	—	—	723	—	723
Unknown	—	—	—	—	—	—	—	—
Total	$ 58,120	$ 62,539	$ 69,784	$ 195,129	$ 316,489	$ 172,391	$ 4,351	$ 878,803
Accrued interest excluded from total	$ 265	$ 307	$ 353	$ 595	$ 716	$ 460	$ 38	$ 2,734
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1-4 family owner occupied - non-jumbo								
800 and above	$ 3,699	$ 1,312	$ 3,317	$ 12,283	$ 9,875	$ 15,521	$ 4,602	$ 50,609
750-799	6,470	7,607	11,573	29,361	21,473	28,383	14,934	119,801
700-749	1,585	4,490	5,653	9,416	8,829	26,194	4,289	60,456
650-699	1,822	1,647	939	4,979	2,583	14,992	1,536	28,498
600-649	468	—	214	1,743	1,844	6,257	207	10,733
550-599	—	295	492	579	1,239	6,780	55	9,440
500-549	—	—	—	739	263	5,714	129	6,845
Under 500	—	85	—	420	98	1,611	24	2,238
Unknown	—	—	—	—	—	—	—	—
Total	$ 14,044	$ 15,436	$ 22,188	$ 59,520	$ 46,204	$ 105,452	$ 25,776	$ 288,620
Accrued interest excluded from total	$ 91	$ 123	$ 93	$ 193	$ 109	$ 395	$ 192	$ 1,196
Current period gross charge-offs	$ —	$ —	$ —	$ 19	$ 6	$ 5	$ —	$ 30
1-4 family non-owner occupied								
800 and above	$ 2,006	$ 2,096	$ 2,684	$ 5,055	$ 11,718	$ 10,486	$ 546	$ 34,591
750-799	7,841	12,530	9,536	13,117	25,707	20,297	1,716	90,744
700-749	1,244	4,017	3,340	5,876	3,603	9,821	1,575	29,476
650-699	1,161	26	533	243	3,273	5,525	226	10,987
600-649	—	—	33	60	451	1,461	57	2,062
550-599	—	—	—	—	51	598	—	649
500-549	—	—	—	369	—	178	—	547
Under 500	—	—	—	—	—	182	—	182
Unknown	—	—	—	—	—	—	—	—
Total	$ 12,252	$ 18,669	$ 16,126	$ 24,720	$ 44,803	$ 48,548	$ 4,120	$ 169,238
Accrued interest excluded from total	$ 54	$ 104	$ 80	$ 94	$ 118	$ 190	$ 29	$ 669
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 10	$ —	$ 10

	Mortgage - continued (1)							
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2025	2024	2023	2022	2021	Prior		
	(In thousands)							
September 30, 2025 - continued								
1-4 family - 2nd lien								
800 and above	$ 1,803	$ 219	$ 543	$ 661	$ 581	$ 2,067	$ 16,098	$ 21,972
750-799	2,787	3,044	2,646	1,710	2,914	3,637	54,000	70,738
700-749	1,148	1,406	1,078	1,731	648	2,258	29,196	37,465
650-699	387	198	446	418	387	1,706	11,339	14,881
600-649	—	40	230	22	345	582	2,266	3,485
550-599	—	—	397	78	54	562	1,061	2,152
500-549	—	—	84	163	231	1,068	438	1,984
Under 500	—	—	297	—	—	216	—	513
Unknown	—	—	—	—	—	—	—	—
Total	$ 6,125	$ 4,907	$ 5,721	$ 4,783	$ 5,160	$ 12,096	$ 114,398	$ 153,190
Accrued interest excluded from total	$ 21	$ 18	$ 27	$ 18	$ 14	$ 41	$ 805	$ 944
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Resort lending								
800 and above	$ —	$ —	$ 23	$ —	$ 411	$ 3,326	$ —	$ 3,760
750-799	121	—	—	604	471	12,767	—	13,963
700-749	—	—	—	—	—	4,391	—	4,391
650-699	—	—	—	—	292	4,456	—	4,748
600-649	—	—	—	—	—	549	—	549
550-599	—	—	—	—	—	394	—	394
500-549	—	—	—	—	—	—	—	—
Under 500	—	—	—	—	—	—	—	—
Unknown	—	—	—	—	—	—	—	—
Total	$ 121	$ —	$ 23	$ 604	$ 1,174	$ 25,883	$ —	$ 27,805
Accrued interest excluded from total	$ 1	$ —	$ —	$ 2	$ 3	$ 138	$ —	$ 144
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 86	$ —	$ 86
Total Mortgage								
800 and above	$ 15,662	$ 9,477	$ 17,462	$ 57,615	$ 82,415	$ 63,323	$ 21,955	$ 267,909
750-799	46,370	58,064	57,434	134,401	234,844	146,179	71,798	749,090
700-749	18,607	25,987	23,078	57,352	67,388	74,486	37,554	304,452
650-699	8,426	5,986	9,557	20,972	20,631	44,876	13,101	123,549
600-649	1,597	786	4,046	8,761	4,214	13,453	2,530	35,387
550-599	—	1,166	1,884	3,283	3,021	10,402	1,116	20,872
500-549	—	—	84	1,952	1,219	8,919	567	12,741
Under 500	—	85	297	420	98	2,732	24	3,656
Unknown	—	—	—	—	—	—	—	—
Total	$ 90,662	$ 101,551	$ 113,842	$ 284,756	$ 413,830	$ 364,370	$ 148,645	$ 1,517,656
Accrued interest excluded from total	$ 432	$ 552	$ 553	$ 902	$ 960	$ 1,224	$ 1,064	$ 5,687
Current period gross charge-offs	$ —	$ —	$ —	$ 19	$ 6	$ 101	$ —	$ 126

	Mortgage (1)							
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2024	2023	2022	2021	2020	Prior		
	(In thousands)							
December 31, 2024								
1-4 family owner occupied - jumbo								
800 and above	$ 5,009	$ 12,192	$ 37,147	$ 51,242	$ 22,126	$ 14,291	$ —	$ 142,007
750-799	33,118	43,013	106,378	194,725	58,703	35,103	1,275	472,315
700-749	13,981	13,602	40,219	68,687	17,552	11,669	450	166,160
650-699	4,537	10,286	19,366	15,736	6,937	6,555	1,500	64,917
600-649	—	2,265	9,528	1,636	2,288	4,619	—	20,336
550-599	746	—	2,414	1,086	2,803	—	—	7,049
500-549	—	—	—	—	900	664	—	1,564
Under 500	—	485	—	—	—	718	—	1,203
Unknown	—	—	—	—	—	—	—	—
Total	$ 57,391	$ 81,843	$ 215,052	$ 333,112	$ 111,309	$ 73,619	$ 3,225	$ 875,551
Accrued interest excluded from total	$ 264	$ 377	$ 634	$ 712	$ 264	$ 238	$ 31	$ 2,520
Current period gross charge-offs	$ —	$ —	$ 22	$ —	$ —	$ —	$ —	$ 22
1-4 family owner occupied - non-jumbo								
800 and above	$ 1,919	$ 2,113	$ 14,018	$ 8,928	$ 3,089	$ 9,138	$ 4,066	$ 43,271
750-799	12,472	10,604	26,405	21,548	14,028	23,586	10,429	119,072
700-749	7,927	7,110	12,810	9,598	5,492	21,692	4,231	68,860
650-699	8,258	2,758	5,586	4,885	2,262	12,820	1,848	38,417
600-649	682	126	1,001	762	2,459	6,757	180	11,967
550-599	—	213	365	794	996	3,438	40	5,846
500-549	87	—	1,523	948	278	5,780	—	8,616
Under 500	—	—	—	98	652	2,343	—	3,093
Unknown	—	—	—	—	—	—	—	—
Total	$ 31,345	$ 22,924	$ 61,708	$ 47,561	$ 29,256	$ 85,554	$ 20,794	$ 299,142
Accrued interest excluded from total	$ 105	$ 139	$ 195	$ 113	$ 77	$ 368	$ 163	$ 1,160
Current period gross charge-offs	$ —	$ —	$ —	$ 23	$ —	$ 22	$ —	$ 45
1-4 family non-owner occupied								
800 and above	$ 4,122	$ 1,557	$ 7,468	$ 12,757	$ 4,204	$ 6,975	$ 897	$ 37,980
750-799	11,433	12,831	15,929	25,543	9,920	16,439	2,539	94,634
700-749	3,372	3,218	6,289	6,401	1,308	6,131	2,072	28,791
650-699	1,016	431	297	4,115	2,552	3,560	332	12,303
600-649	—	—	—	—	410	930	108	1,448
550-599	—	38	—	—	—	919	—	957
500-549	—	—	369	51	—	221	—	641
Under 500	—	—	—	—	—	196	—	196
Unknown	—	—	—	—	—	—	—	—
Total	$ 19,943	$ 18,075	$ 30,352	$ 48,867	$ 18,394	$ 35,371	$ 5,948	$ 176,950
Accrued interest excluded from total	$ 84	$ 85	$ 119	$ 134	$ 48	$ 166	$ 44	$ 680
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 158	$ —	$ 158

	Mortgage - continued (1)							
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2024	2023	2022	2021	2020	Prior		
	(In thousands)							
December 31, 2024 - (continued)								
1-4 family - 2nd lien								
800 and above	$ 751	$ 249	$ 219	$ 185	$ 1,161	$ 859	$ 12,245	$ 15,669
750-799	3,209	2,717	2,290	3,065	1,604	3,825	44,896	61,606
700-749	1,358	942	1,898	1,239	932	2,123	26,687	35,179
650-699	268	450	655	313	251	1,385	10,979	14,301
600-649	—	39	204	197	328	769	2,084	3,621
550-599	—	297	37	51	—	357	512	1,254
500-549	—	59	101	95	—	768	919	1,942
Under 500	—	—	20	—	—	350	5	375
Unknown	—	—	—	—	—	—	—	—
Total	$ 5,586	$ 4,753	$ 5,424	$ 5,145	$ 4,276	$ 10,436	$ 98,327	$ 133,947
Accrued interest excluded from total	$ 19	$ 23	$ 18	$ 11	$ 13	$ 42	$ 720	$ 846
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 3	$ 22	$ 25
Resort lending								
800 and above	$ —	$ —	$ —	$ 534	$ —	$ 4,079	$ —	$ 4,613
750-799	—	39	639	740	724	12,845	—	14,987
700-749	—	—	268	—	212	4,851	—	5,331
650-699	—	—	—	—	354	4,622	—	4,976
600-649	—	—	—	—	—	1,051	—	1,051
550-599	—	—	—	—	—	92	—	92
500-549	—	—	—	—	—	86	—	86
Under 500	—	—	—	—	—	—	—	—
Unknown	—	—	—	—	—	—	—	—
Total	$ —	$ 39	$ 907	$ 1,274	$ 1,290	$ 27,626	$ —	$ 31,136
Accrued interest excluded from total	$ —	$ —	$ 4	$ 3	$ 4	$ 140	$ —	$ 151
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 50	$ —	$ 50
Total Mortgage								
800 and above	$ 11,801	$ 16,111	$ 58,852	$ 73,646	$ 30,580	$ 35,342	$ 17,208	$ 243,540
750-799	60,232	69,204	151,641	245,621	84,979	91,798	59,139	762,614
700-749	26,638	24,872	61,484	85,925	25,496	46,466	33,440	304,321
650-699	14,079	13,925	25,904	25,049	12,356	28,942	14,659	134,914
600-649	682	2,430	10,733	2,595	5,485	14,126	2,372	38,423
550-599	746	548	2,816	1,931	3,799	4,806	552	15,198
500-549	87	59	1,993	1,094	1,178	7,519	919	12,849
Under 500	—	485	20	98	652	3,607	5	4,867
Unknown	—	—	—	—	—	—	—	—
Total	$ 114,265	$ 127,634	$ 313,443	$ 435,959	$ 164,525	$ 232,606	$ 128,294	$ 1,516,726
Accrued interest excluded from total	$ 472	$ 624	$ 970	$ 973	$ 406	$ 954	$ 958	$ 5,357
Current period gross charge-offs	$ —	$ —	$ 22	$ 23	$ —	$ 233	$ 22	$ 300

(1) Credit scores have been updated within the last twelve months.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

	Installment (1)						
	Term Loans Amortized Cost Basis by Origination Year						
	2025	2024	2023	2022	2021	Prior	Total
	(In thousands)						
September 30, 2025							
Boat lending							
800 and above	$ 8,642	$ 4,290	$ 7,205	$ 7,795	$ 6,530	$ 10,664	$ 45,126
750-799	30,763	21,874	25,400	22,955	22,194	30,864	154,050
700-749	10,039	11,858	7,825	11,108	8,671	11,428	60,929
650-699	1,031	2,308	2,241	2,506	1,983	3,541	13,610
600-649	204	485	480	584	504	998	3,255
550-599	53	81	68	311	418	533	1,464
500-549	—	103	104	198	190	174	769
Under 500	—	—	35	133	—	34	202
Unknown	—	—	—	—	—	—	—
Total	$ 50,732	$ 40,999	$ 43,358	$ 45,590	$ 40,490	$ 58,236	$ 279,405
Accrued interest excluded from total	$ 174	$ 162	$ 167	$ 104	$ 91	$ 125	$ 823
Current period gross charge-offs	$ —	$ 13	$ —	$ 247	$ 28	$ 79	$ 367
Recreational vehicle lending							
800 and above	$ 660	$ 948	$ 3,635	$ 9,099	$ 8,302	$ 8,583	$ 31,227
750-799	3,895	9,232	9,158	30,951	28,395	18,304	99,935
700-749	1,040	3,921	5,055	12,181	15,017	8,264	45,478
650-699	121	963	1,688	4,718	4,489	2,766	14,745
600-649	—	323	526	995	1,677	691	4,212
550-599	7	137	284	576	1,109	535	2,648
500-549	—	39	131	387	604	374	1,535
Under 500	—	69	73	202	171	49	564
Unknown	—	—	—	—	—	—	—
Total	$ 5,723	$ 15,632	$ 20,550	$ 59,109	$ 59,764	$ 39,566	$ 200,344
Accrued interest excluded from total	$ 23	$ 57	$ 73	$ 144	$ 136	$ 88	$ 521
Current period gross charge-offs	$ —	$ 11	$ 140	$ 232	$ 399	$ 109	$ 891
Other							
800 and above	$ 1,759	$ 537	$ 1,188	$ 1,228	$ 671	$ 1,026	$ 6,409
750-799	8,060	7,125	5,472	5,024	2,958	5,197	33,836
700-749	5,323	4,749	3,679	3,362	2,158	3,416	22,687
650-699	2,407	1,708	1,294	810	732	1,196	8,147
600-649	124	580	271	457	207	437	2,076
550-599	—	189	231	254	144	267	1,085
500-549	—	74	150	202	171	129	726
Under 500	—	11	25	33	29	32	130
Unknown	729	—	—	—	—	—	729
Total	$ 18,402	$ 14,973	$ 12,310	$ 11,370	$ 7,070	$ 11,700	$ 75,825
Accrued interest excluded from total	$ 57	$ 63	$ 46	$ 28	$ 17	$ 63	$ 274
Current period gross charge-offs	$ 1,092	$ 38	$ 32	$ 58	$ 29	$ 65	$ 1,314
Total installment							
800 and above	$ 11,061	$ 5,775	$ 12,028	$ 18,122	$ 15,503	$ 20,273	$ 82,762
750-799	42,718	38,231	40,030	58,930	53,547	54,365	287,821
700-749	16,402	20,528	16,559	26,651	25,846	23,108	129,094
650-699	3,559	4,979	5,223	8,034	7,204	7,503	36,502
600-649	328	1,388	1,277	2,036	2,388	2,126	9,543
550-599	60	407	583	1,141	1,671	1,335	5,197
500-549	—	216	385	787	965	677	3,030
Under 500	—	80	133	368	200	115	896
Unknown	729	—	—	—	—	—	729
Total	$ 74,857	$ 71,604	$ 76,218	$ 116,069	$ 107,324	$ 109,502	$ 555,574
Accrued interest excluded from total	$ 254	$ 282	$ 286	$ 276	$ 244	$ 276	$ 1,618
Current period gross charge-offs	$ 1,092	$ 62	$ 172	$ 537	$ 456	$ 253	$ 2,572

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

	Installment - continued (1)						
	Term Loans Amortized Cost Basis by Origination Year						
	2024	2023	2022	2021	2020	Prior	Total
	(In thousands)						
December 31, 2024							
Boat lending							
800 and above	$ 6,125	$ 6,702	$ 8,231	$ 7,492	$ 3,512	$ 9,079	$ 41,141
750-799	26,320	29,173	28,608	24,858	11,604	26,792	147,355
700-749	11,397	9,487	11,342	9,807	4,177	9,137	55,347
650-699	2,722	2,888	2,516	2,419	1,191	3,111	14,847
600-649	504	438	1,104	364	148	775	3,333
550-599	—	215	464	394	76	301	1,450
500-549	27	—	135	199	140	238	739
Under 500	—	35	14	—	—	80	129
Unknown	—	—	—	—	—	—	—
Total	$ 47,095	$ 48,938	$ 52,414	$ 45,533	$ 20,848	$ 49,513	$ 264,341
Accrued interest excluded from total	$ 179	$ 178	$ 124	$ 104	$ 50	$ 101	$ 736
Current period gross charge-offs	$ —	$ 8	$ 31	$ 8	$ 49	$ 53	$ 149
Recreational vehicle lending							
800 and above	$ 1,365	$ 4,270	$ 11,721	$ 9,776	$ 3,382	$ 7,262	$ 37,776
750-799	10,528	11,173	33,140	32,266	9,398	14,656	111,161
700-749	5,402	5,230	14,093	15,336	4,177	5,500	49,738
650-699	965	1,949	4,278	5,357	1,249	1,836	15,634
600-649	268	697	1,213	2,364	407	502	5,451
550-599	41	183	443	1,075	135	415	2,292
500-549	50	172	638	745	161	207	1,973
Under 500	—	67	156	207	19	63	512
Unknown	—	—	—	—	—	—	—
Total	$ 18,619	$ 23,741	$ 65,682	$ 67,126	$ 18,928	$ 30,441	$ 224,537
Accrued interest excluded from total	$ 69	$ 89	$ 156	$ 154	$ 41	$ 67	$ 576
Current period gross charge-offs	$ —	$ 42	$ 152	$ 322	$ 42	$ 109	$ 667
Other							
800 and above	$ 1,342	$ 1,323	$ 1,788	$ 938	$ 639	$ 831	$ 6,861
750-799	9,938	8,029	7,208	4,732	2,013	4,375	36,295
700-749	14,512	4,941	4,232	2,829	1,292	3,278	31,084
650-699	10,551	1,633	1,689	979	430	1,293	16,575
600-649	537	476	522	294	59	418	2,306
550-599	80	211	271	210	21	210	1,003
500-549	—	149	301	229	92	93	864
Under 500	11	17	58	49	3	50	188
Unknown	681	—	—	—	—	—	681
Total	$ 37,652	$ 16,779	$ 16,069	$ 10,260	$ 4,549	$ 10,548	$ 95,857
Accrued interest excluded from total	$ 96	$ 65	$ 40	$ 22	$ 10	$ 63	$ 296
Current period gross charge-offs	$ 1,327	$ 69	$ 92	$ 17	$ 8	$ 91	$ 1,604
Total installment							
800 and above	$ 8,832	$ 12,295	$ 21,740	$ 18,206	$ 7,533	$ 17,172	$ 85,778
750-799	46,786	48,375	68,956	61,856	23,015	45,823	294,811
700-749	31,311	19,658	29,667	27,972	9,646	17,915	136,169
650-699	14,238	6,470	8,483	8,755	2,870	6,240	47,056
600-649	1,309	1,611	2,839	3,022	614	1,695	11,090
550-599	121	609	1,178	1,679	232	926	4,745
500-549	77	321	1,074	1,173	393	538	3,576
Under 500	11	119	228	256	22	193	829
Unknown	681	—	—	—	—	—	681
Total	$ 103,366	$ 89,458	$ 134,165	$ 122,919	$ 44,325	$ 90,502	$ 584,735
Accrued interest excluded from total	$ 344	$ 332	$ 320	$ 280	$ 101	$ 231	$ 1,608
Current period gross charge-offs	$ 1,327	$ 119	$ 275	$ 347	$ 99	$ 253	$ 2,420

(1) Credit scores have been updated within the last twelve months.

Foreclosed residential real estate properties included in other real estate and repossessed assets, net on our interim Condensed Consolidated Statements of Financial Condition totaled $0.3 million and $0.9 million at September 30, 2025 and December 31, 2024, respectively. Retail mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process according to local requirements totaled $2.4 million and $2.0 million at September 30, 2025 and December 31, 2024, respectively.

During the three and nine month periods ended September 30, 2025, we sold $4.5 million and $19.9 million, respectively, of portfolio residential mortgage loans servicing retained and recognized a gain on sale of $0.07 million and $0.37 million, respectively. During the three and nine month periods ended September 30, 2024, we sold $6.6 million and $14.7 million, respectively, of portfolio residential mortgage loans servicing retained and recognized a gain on sale of $0.12 million and $0.25 million, respectively. These gains are included in net gains (losses) on assets - mortgage loans on our interim Condensed Consolidated Statements of Operations. These transactions were done primarily for asset/liability management purposes.

5. Shareholders' Equity and Earnings Per Common Share

On December 17, 2024, our Board of Directors authorized a share repurchase plan (the "Repurchase Plan") to buy back up to 1,100,000 shares of our outstanding common stock through December 31, 2025. Shares would be repurchased through open market transactions, though we could execute repurchases through other means, such as privately negotiated transactions. The timing and amount of any share repurchases will depend on a variety of factors, including, among others, securities law restrictions, the trading price of our common stock, regulatory requirements, potential alternative uses for capital, and our financial performance. During the three and nine month periods ended September 30, 2025 we repurchased 13,732 and 266,008 shares of common stock, respectively for an aggregate purchase price of $0.41 million and $7.77 million, respectively. During the nine month period ended September 30, 2024 there were no shares of common stock repurchased.

A reconciliation of basic and diluted net income per common share follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands, except per share data)			
Net income	$ 17,502	$ 13,810	$ 49,969	$ 48,329
Weighted average shares outstanding (1)	20,702	20,896	20,797	20,892
Stock units for deferred compensation plan for non-employee directors	173	182	175	178
Performance share units	28	34	27	27
Effect of stock options	2	3	2	3
Weighted average shares outstanding for calculation of diluted earnings per share	20,905	21,115	21,001	21,100
Net income per common share				
Basic (1)	$ 0.85	$ 0.66	$ 2.40	$ 2.31
Diluted	$ 0.84	$ 0.65	$ 2.38	$ 2.29

(1) Basic net income per common share includes weighted average common shares outstanding during the period and participating share awards.

Weighted average stock options outstanding that were not considered in computing diluted net income per common share because they were anti-dilutive were zero for the three and nine month periods ended September 30, 2025 and 2024, respectively.

6. Derivative Financial Instruments

We are required to record derivatives on our interim Condensed Consolidated Statements of Financial Condition as assets and liabilities measured at their fair value. The accounting for increases and decreases in the value of derivatives depends upon the use of derivatives and whether the derivatives qualify for hedge accounting.

Our derivative financial instruments according to the type of hedge in which they are designated follows:

	September 30, 2025		
	Notional Amount	Average Maturity (years)	Fair Value
	(Dollars in thousands)		
Fair value hedge designation			
Pay-fixed interest rate swap agreement - commercial	$ 5,345	3.6	$ 189
Pay-fixed interest rate swap agreements - securities available for sale	148,895	2.1	7,931
Pay-fixed interest rate swap agreements - installment	100,000	1.7	(917)
Pay-fixed interest rate swap agreements - mortgage	117,000	1.9	(1,272)
Interest rate cap agreements - securities available for sale	40,970	2.6	51
Total	$ 412,210	2.0	$ 5,982
Cash flow hedge designation			
Interest rate floor agreements - commercial	$ 450,000	1.9	$ 5,090
Interest rate cap agreements - short-term funding liabilities	50,000	2.4	79
Total	500,000	1.9	5,169
No hedge designation			
Rate-lock mortgage loan commitments	$ 20,929	0.1	$ 187
Mandatory commitments to sell mortgage loans	30,147	0.1	39
Pay-fixed interest rate swap agreements - commercial	633,139	4.7	(3,422)
Pay-variable interest rate swap agreements - commercial	633,139	4.7	3,422
Total	$ 1,317,354	4.5	$ 226

	December 31, 2024		
	Notional Amount	Average Maturity (years)	Fair Value
	(Dollars in thousands)		
Fair value hedge designation			
Pay-fixed interest rate swap agreement - commercial	$ 5,647	4.4	$ 361
Pay-fixed interest rate swap agreements - securities available for sale	148,895	2.8	13,265
Pay-fixed interest rate swap agreements - installment	100,000	2.4	77
Pay-fixed interest rate swap agreements - mortgage	147,000	2.2	283
Interest rate cap agreements - securities available for sale	40,970	3.3	334
Total	$ 442,512	2.6	$ 14,320
Cash flow hedge designation			
Interest rate floor agreements - commercial	$ 375,000	2.3	$ 3,642
Interest rate cap agreements - short-term funding liabilities	25,000	3.4	312
Total	400,000	2.1	3,954
No hedge designation			
Rate-lock mortgage loan commitments	12,703	0.1	100
Mandatory commitments to sell mortgage loans	19,874	0.1	62
Pay-fixed interest rate swap agreements - commercial	538,053	5.0	13,325
Pay-variable interest rate swap agreements - commercial	538,053	5.0	(13,325)
Total	$ 1,108,683	4.9	$ 162

We have established management objectives and strategies that include interest-rate risk parameters for maximum fluctuations in net interest income and market value of portfolio equity. We monitor our interest rate risk position via simulation modeling reports. The goal of our asset/liability management efforts is to maintain profitable financial leverage within established risk parameters.

We have entered into pay-fixed interest rate swaps and caps to protect a portion of the fair value of a certain fixed rate commercial loan and certain mortgage and installment loans (‘‘Fair Value Hedge – Portfolio Loans’’). As a result, changes in the fair values of the pay-fixed interest rate swaps and caps are expected to offset changes in the fair values of the fixed rate portfolio loans due to fluctuations in interest rates. We record the fair values of Fair Value Hedge – Portfolio Loans in accrued income and other assets and accrued expenses and other liabilities on our interim Condensed Consolidated Statements of Financial Condition. The hedged items (a fixed rate commercial loan and certain fixed rate mortgage and installment loans) are also recorded at fair value which offsets the adjustment to the Fair Value Hedge – Portfolio Loans. On an ongoing basis, we adjust our interim Condensed Consolidated Statements of Financial Condition to reflect the then current fair values of both the Fair Value Hedge – Portfolio Loans and the hedged items. The related gains or losses are reported in interest income – interest and fees on loans in our interim Condensed Consolidated Statements of Operations. During the second quarter of 2023 we terminated the interest rate cap that was previously hedging certain installment loans. The remaining unrealized gain on this terminated interest cap of $0.14 million as of September 30, 2025 is being amortized into earnings over the original life of the interest rate cap which was February, 2030.

We have entered into pay-fixed interest rate swap and interest rate cap agreements to protect a portion of the fair value of certain securities available for sale (‘‘Fair Value Hedge – AFS Securities’’). As a result, the change in the fair value of the pay-fixed interest rate swap and interest rate cap agreements is expected to offset a portion of the change in the fair value of the fixed rate securities available for sale due to fluctuations in interest rates. We record the fair value of Fair Value Hedge – AFS Securities in accrued income and other assets and accrued expenses and other liabilities on our interim Condensed Consolidated Statements of Financial Condition. The hedged items (fixed rate securities available for sale) are also recorded at fair value which offsets the adjustment to the Fair Value Hedge – AFS Securities. On an ongoing basis, we adjust our interim Condensed Consolidated Statements of Financial Condition to reflect the then current fair value of both the Fair Value Hedge – AFS Securities and the hedged item. The related gains or losses are reported in interest income – interest on securities – tax-exempt in our interim Condensed Consolidated Statements of Operations.

We have entered into interest rate floor agreements to manage the variability in future expected cash flows of certain commercial loans (''Cash Flow Hedge – Portfolio Loans''). We record the fair value of Cash Flow Hedge – Portfolio Loans in accrued income and other assets and accrued expenses and other liabilities on our interim Condensed Consolidated Statements of Financial Condition. The changes in the fair value of Cash Flow Hedge - Portfolio Loans are recorded in accumulated other comprehensive loss and are reclassified into the line item in our interim Condensed Consolidated Statements of Operations in which the hedged items are recorded in the same period the hedged items affect earnings.

We have entered into an interest rate cap agreement to manage the variability in future expected cash flows of certain short-term funding liabilities (''Cash Flow Hedge – Short-term Funding Liabilities''). We record the fair value of Cash Flow Hedge – Short-term Funding Liabilities in accrued income and other assets and accrued expenses and other liabilities on our interim Condensed Consolidated Statements of Financial Condition. The changes in the fair value of Cash Flow Hedge - Short-term Funding Liabilities are recorded in accumulated other comprehensive loss and are reclassified into the line item in our interim Condensed Consolidated Statements of Operations in which the hedged items are recorded in the same period the hedged items affect earnings.

For Cash Flow Hedges, it is anticipated that as of September 30, 2025, $1.3 million will be reclassified from accumulated other comprehensive loss as a reduction to earnings over the next twelve months. The maximum term of any Cash Flow Hedge at September 30, 2025 is 3.7 years.

Certain derivative financial instruments have not been designated as hedges. The fair value of these derivative financial instruments has been recorded on our interim Condensed Consolidated Statements of Financial Condition and is adjusted on an ongoing basis to reflect their then current fair value. The changes in fair value of derivative financial instruments not designated as hedges are recognized in earnings.

In the ordinary course of business, we enter into rate-lock mortgage loan commitments with customers ("Rate-Lock Commitments"). These commitments expose us to interest rate risk. We also enter into mandatory commitments to sell mortgage loans ("Mandatory Commitments") to reduce the impact of price fluctuations of mortgage loans held for sale and Rate-Lock Commitments. Mandatory Commitments help protect our loan sale profit margin from fluctuations in interest rates. The changes in the fair value of Rate-Lock Commitments and Mandatory Commitments are recognized currently as part of net gains on mortgage loans in our interim Condensed Consolidated Statements of Operations. We obtain market prices on Mandatory Commitments and Rate-Lock Commitments. Net gains on mortgage loans, as well as net income may be more volatile as a result of these derivative instruments, which are not designated as hedges.

We have a program that allows commercial loan customers to lock in a fixed rate for a longer period of time than we would normally offer for interest rate risk reasons. We will enter into a variable rate commercial loan and an interest rate swap agreement with a customer and then enter into an offsetting interest rate swap agreement with an unrelated party. The interest rate swap agreement fair values will generally move in opposite directions resulting in little or no net impact on our interim Condensed Consolidated Statements of Operations. All of the interest rate swap agreements - commercial with no hedge designation in the table above relate to this program.

The following tables illustrate the impact that the derivative financial instruments discussed above have on individual line items in the interim Condensed Consolidated Statements of Financial Condition for the periods presented:

Fair Values of Derivative Instruments

	Asset Derivatives				Liability Derivatives			
	September 30, 2025		December 31, 2024		September 30, 2025		December 31, 2024	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
	(In thousands)							
Derivatives designated as hedging instruments								
Pay-fixed interest rate swap agreements	Other assets	$ 8,160	Other assets	$ 14,336	Other liabilities	$ 2,229	Other liabilities	$ 350
Interest rate cap agreements	Other assets	130	Other assets	646	Other liabilities	—	Other liabilities	—
Interest rate floor agreements	Other assets	5,090	Other assets	3,642	Other liabilities	—	Other liabilities	—
		13,380		18,624		2,229		350
Derivatives not designated as hedging instruments								
Rate-lock mortgage loan commitments	Other assets	187	Other assets	100	Other liabilities	—	Other liabilities	—
Mandatory commitments to sell mortgage loans	Other assets	39	Other assets	62	Other liabilities	—	Other liabilities	—
Pay-fixed interest rate swap agreements - commercial	Other assets	7,539	Other assets	15,799	Other liabilities	10,961	Other liabilities	2,474
Pay-variable interest rate swap agreements - commercial	Other assets	10,961	Other assets	2,474	Other liabilities	7,539	Other liabilities	15,799
		18,726		18,435		18,500		18,273
Total derivatives		$ 32,106		$ 37,059		$ 20,729		$ 18,623

The effect of derivative financial instruments on the interim Condensed Consolidated Statements of Operations follows:

	Gain (Loss) Recognized in Other Comprehensive Income (Effective Portion)		Location of Loss Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)	Loss Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)		Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income	
	Three Month Periods Ended September 30,			Three Month Periods Ended September 30,			Three Month Periods Ended September 30,	
	2025	2024		2025	2024		2025	2024
							(In thousands)	
Fair Value Hedges								
Pay-fixed interest rate swap agreement - commercial						Interest and fees on loans	$ (25)	$ (184)
Pay-fixed interest rate swap agreements - securities available for sale						Interest on securities	(1,162)	(4,882)
Pay-fixed interest rate swap agreements - Installment						Interest and fees on loans	(15)	(2,421)
Pay-fixed interest rate swap agreements - Mortgage						Interest and fees on loans	(91)	(2,940)
Interest rate cap agreements - securities available for sale	$ (43)	$ (255)	Interest on securities	$ (55)	$ (57)	Interest on securities	—	(119)
Total	$ (43)	$ (255)		$ (55)	$ (57)		$ (1,293)	$ (10,546)
Cash Flow Hedges								
Interest rate floor agreements - commercial	$ (1,046)	$ 2,999	Interest and fees on loans	$ (551)	$ (333)	Interest and fees on loans	$ (551)	$ (333)
Interest rate cap agreements - short-term funding liabilities	(93)	—	Interest expense	(4)	—	Interest expense	(4)	—
Total	$ (1,139)	$ 2,999		$ (555)	$ (333)		$ (555)	$ (333)
No hedge designation								
Rate-lock mortgage loan commitments						Net gains on mortgage loans	$ (184)	$ 111
Mandatory commitments to sell mortgage loans						Net gains on mortgage loans	171	(122)
Pay-fixed interest rate swap agreements - commercial						Interest and fees on loans	(1,879)	(15,031)
Pay-variable interest rate swap agreements - commercial						Interest and fees on loans	1,879	15,031
Total							$ (13)	$ (11)

	Gain (Loss) Recognized in Other Comprehensive Income (Effective Portion)		Location of Loss Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)	Loss Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)		Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income	
	Nine Month Periods Ended September 30,			Nine Month Periods Ended September 30,			Nine Month Periods Ended September 30,	
	2025	2024		2025	2024		2025	2024
							(In thousands)	
Fair Value Hedges								
Pay-fixed interest rate swap agreement - commercial						Interest and fees on loans	$ (172)	$ (110)
Pay-fixed interest rate swap agreements - securities available for sale						Interest on securities	(5,334)	(4,028)
Pay-fixed interest rate swap agreements - installment						Interest and fees on loans	(994)	(513)
Pay-fixed interest rate swap agreements - mortgage						Interest and fees on loans	(1,555)	(648)
Interest rate cap agreements - securities available for sale	$ (283)	$ (194)	Interest on securities	$ (172)	$ (167)	Interest on securities	—	(81)
Total	$ (283)	$ (194)		$ (172)	$ (167)		$ (8,055)	$ (5,380)
Cash Flow Hedges								
Interest rate floor agreements - commercial	$ 91	$ 246	Interest and fees on loans	$ (1,363)	$ (838)	Interest and fees on loans	$ (1,363)	$ (838)
Interest rate cap agreements - short-term funding liabilities	(293)	—	Interest expense	(8)	—	Interest expense	(8)	—
Total	$ (202)	$ 246		$ (1,371)	$ (838)		$ (1,371)	$ (838)
No hedge designation								
Rate-lock mortgage loan commitments						Net gains on mortgage loans	$ 87	$ 80
Mandatory commitments to sell mortgage loans						Net gains on mortgage loans	(23)	304
Pay-fixed interest rate swap agreements - commercial						Interest and fees on loans	(16,747)	(8,482)
Pay-variable interest rate swap agreements - commercial						Interest and fees on loans	16,747	8,482
Total							$ 64	$ 384

7. Goodwill and Other Intangibles

The following table summarizes intangible assets, net of amortization:

	September 30, 2025		December 31, 2024	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(In thousands)			
Amortized intangible assets - core deposits	$ 11,916	$ 10,793	$ 11,916	$ 10,428
Unamortized intangible assets - goodwill	$ 28,300		$ 28,300	

Goodwill is assessed for impairment on an annual basis as of December 31, or more frequently if events occur or circumstances change that indicate an impairment may exist. When assessing goodwill for impairment, first, a qualitative assessment is made to determine whether it is more likely than not that the estimated fair value of a reporting unit is less than its estimated carrying value. If the results of the qualitative assessment are not conclusive, a quantitative goodwill test is performed. For the nine months ended September 30, 2025 and 2024 no event occurred that indicated an impairment of goodwill may exist.

A summary of estimated core deposits intangible amortization at September 30, 2025 follows:

	(In thousands)
Three months ending December 31, 2025	122
2026	460
2027	434
2028	107
Total	$ 1,123

8. Share Based Compensation

We maintain share based payment plans that include a non-employee director stock purchase plan and a long-term incentive plan that permits the issuance of share based compensation, including stock options and non-vested share awards. The long-term incentive plan, which is shareholder approved, permits the grant of additional share based awards for up to 0.3 million shares of common stock as of September 30, 2025. The non-employee director stock purchase plan permits the issuance of additional share based payments for up to 0.1 million shares of common stock as of September 30, 2025. Share based awards and payments are measured at fair value at the date of grant and are expensed over the requisite service period. Common shares issued upon exercise of stock options come from currently authorized but unissued shares.

A summary of restricted stock and performance stock units (“PSU”) granted pursuant to our long-term incentive plan follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Restricted stock	—	—	53,019	81,355
PSU	—	—	16,364	18,822

The shares of restricted stock and PSUs shown in the above table cliff vest after a period of three years. The performance criteria of the PSUs is split evenly between a comparison of (i) our total shareholder return and (ii) our return on average assets each over the three year period starting on the grant date to these same criteria over that period to an index of our banking peers.

Our directors may elect to receive all or a portion of their cash retainer fees in the form of common stock (either on a current basis or on a deferred basis) pursuant to the non-employee director stock purchase plan referenced above. Shares equal in value to that portion of each director's fees that he or she has elected to receive in stock on a current basis are issued each quarter and vest immediately. Shares issued on a deferred basis are credited at the rate of 90% of the current fair value of our common stock and vest immediately. During the nine month periods ended September 30, 2025 and 2024 we issued 0.006 million and 0.007 million shares, respectively and expensed their value during those same periods.

Total compensation expense recognized for grants pursuant to our long-term incentive plan was $0.5 million and $1.8 million during the three and nine month periods ended September 30, 2025, respectively, and was $0.5 million and $1.6 million during the same periods in 2024, respectively. The corresponding tax benefit relating to this expense was $0.1 million and $0.4 million for the three and nine month periods ended September 30, 2025, respectively and $0.1 million and $0.3 million for the same periods in 2024. Total expense recognized for non-employee director share based payments was $0.07 million and $0.19 million during the three and nine month periods ended September 30, 2025, respectively, and was $0.06 million and $0.18 million during the same periods in 2024, respectively. The corresponding tax benefit relating to this expense was $0.02 million and $0.04 million for the three and nine month periods ended September 30, 2025, respectively and $0.01 million and $0.04 million during the same periods in 2024.

At September 30, 2025, the total expected compensation cost related to non-vested restricted stock and PSUs not yet recognized was $3.4 million. The weighted-average period over which this amount will be recognized is 2.0 years.

A summary of outstanding stock option grants and related transactions follows:

	Number of Shares	Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregated Intrinsic Value
				(In thousands)
Outstanding at January 1, 2025	5,583	$ 13.43		
Granted	—			
Exercised	(2,793)	13.43		
Forfeited	—			
Expired	—			
Outstanding at September 30, 2025	2,790	$ 13.43	1.4	$ 49
Vested and expected to vest at September 30, 2025	2,790	$ 13.43	1.4	$ 49
Exercisable at September 30, 2025	2,790	$ 13.43	1.4	$ 49

A summary of outstanding non-vested stock and related transactions follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2025	266,986	$ 24.64
Granted	69,383	37.17
Vested	(73,512)	27.04
Forfeited	(11,391)	23.98
Outstanding at September 30, 2025	251,466	$ 27.68

Certain information regarding options exercised during the periods follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)		(In thousands)	
Intrinsic value	$ —	$ —	$ 64	$ 91
Cash proceeds received	$ —	$ —	$ —	$ —
Tax benefit realized	$ —	$ —	$ 13	$ 19

9. Income Tax

Income tax expense was $3.7 million and $3.5 million during the three month periods ended September 30, 2025 and 2024, respectively and $11.0 million and $11.9 million during the nine months ended September 30, 2025 and 2024, respectively. Our actual federal income tax expense is different than the amount computed by applying our statutory income tax rate to our income before income tax primarily due to tax-exempt interest income and tax-exempt income from the increase in the cash surrender value on life insurance. In addition, the three and nine month periods ending September 30, 2025 include reductions of $0.01 million and $0.31 million, respectively, of income tax expense related to the impact of the excess value of stock awards that vested and stock options that were exercised as compared to the initial fair values that were expensed. These amounts during the same periods in 2024 were $0.01 million and $0.12 million, respectively.

We assess whether a valuation allowance should be established against our deferred tax assets based on the consideration of all available evidence using a “more likely than not” standard. The ultimate realization of this asset is primarily based on generating future income. We concluded at September 30, 2025, September 30, 2024 and December 31, 2024 that the realization of substantially all of our deferred tax assets continues to be more likely than not.

At both September 30, 2025 and December 31, 2024, we had approximately $0.2 million, respectively, of gross unrecognized tax benefits. We do not expect the total amount of unrecognized tax benefits to significantly increase or decrease during the remainder of 2025.

10. Regulatory Matters

Capital guidelines adopted by federal and state regulatory agencies and restrictions imposed by law limit the amount of cash dividends our Bank can pay to us. Under these guidelines, the amount of dividends that may be paid in any calendar year is limited to the Bank’s current year net profits, combined with the retained net profits of the preceding two years. Further, the Bank cannot pay a dividend at any time that it has negative undivided profits. As of September 30, 2025, the Bank had positive undivided profits of $215.1 million. It is not our intent to have dividends paid in amounts that would reduce the capital of our Bank to levels below those which we consider prudent or that would not be in accordance with guidelines of regulatory authorities.

We are also subject to various regulatory capital requirements. The prompt corrective action regulations establish quantitative measures to ensure capital adequacy and require minimum amounts and ratios of total, Tier 1, and common equity Tier 1 capital to risk-weighted assets and Tier 1 capital to average assets. Failure to meet minimum capital requirements can result in certain mandatory, and possibly discretionary, actions by regulators that could have a material effect on our interim condensed consolidated financial statements. In addition, capital adequacy rules include a common equity Tier 1 capital conservation buffer of 2.5% of risk-weighted assets that applies to all supervised financial institutions. To avoid limits on capital distributions and certain discretionary bonus payments we must meet the minimum ratio for adequately capitalized institutions plus the buffer. Under capital adequacy guidelines, we must meet specific capital requirements that involve quantitative measures as well as qualitative judgments by the regulators. The most recent regulatory filings as of September 30, 2025 and December 31, 2024, categorized our Bank as well capitalized and exceeding the minimum ratio for adequately capitalized institutions plus the capital conservation buffer. Management is not aware of any conditions or events that would have changed the most recent Federal Deposit Insurance Corporation (“FDIC”) categorization.

Our actual capital amounts and ratios follow (1):

	Actual		Minimum for Adequately Capitalized Institutions		Minimum for Well-Capitalized Institutions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)					
September 30, 2025						
Total capital to risk-weighted assets						
Consolidated	$ 610,808	13.66 %	$ 357,706	8.00 %	NA	NA
Independent Bank	561,840	12.58	357,199	8.00	$ 446,499	10.00 %
Tier 1 capital to risk-weighted assets						
Consolidated	$ 554,774	12.41 %	$ 268,280	6.00 %	NA	NA
Independent Bank	505,884	11.33	267,899	6.00	$ 357,199	8.00 %
Common equity tier 1 capital to risk-weighted assets						
Consolidated	$ 516,151	11.54 %	$ 201,210	4.50 %	NA	NA
Independent Bank	505,884	11.33	200,925	4.50	$ 290,224	6.50 %
Tier 1 capital to average assets						
Consolidated	$ 554,774	10.07 %	$ 220,377	4.00 %	NA	NA
Independent Bank	505,884	9.19	220,083	4.00	$ 275,104	5.00 %
December 31, 2024						
Total capital to risk-weighted assets						
Consolidated	$ 622,444	14.22 %	$ 350,113	8.00 %	NA	NA
Independent Bank	567,254	12.99	349,335	8.00	$ 436,668	10.00 %
Tier 1 capital to risk-weighted assets						
Consolidated	$ 527,616	12.06 %	$ 262,585	6.00 %	NA	NA
Independent Bank	512,546	11.74	262,001	6.00	$ 349,335	8.00 %
Common equity tier 1 capital to risk-weighted assets						
Consolidated	$ 489,044	11.17 %	$ 196,939	4.50 %	NA	NA
Independent Bank	512,546	11.74	196,501	4.50	$ 283,834	6.50 %
Tier 1 capital to average assets						
Consolidated	$ 527,616	9.85 %	$ 214,332	4.00 %	NA	NA
Independent Bank	512,546	9.58	214,112	4.00	$ 267,640	5.00 %

(1) These ratios do not reflect a capital conservation buffer of 2.50% at September 30, 2025 and December 31, 2024.

NA - Not applicable

The components of our regulatory capital are as follows:

	Consolidated		Independent Bank	
	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024
	(In thousands)			
Total shareholders' equity	$ 490,742	$ 454,686	$ 480,475	$ 478,188
Add (deduct)				
Accumulated other comprehensive loss for regulatory purposes	54,832	64,146	54,832	64,146
Goodwill and other intangibles	(29,423)	(29,788)	(29,423)	(29,788)
Common equity tier 1 capital	516,151	489,044	505,884	512,546
Qualifying trust preferred securities	38,623	38,572	—	—
Tier 1 capital	554,774	527,616	505,884	512,546
Subordinated debt	—	40,000	—	—
Allowance for credit losses and allowance for unfunded lending commitments limited to 1.25% of total risk-weighted assets	56,034	54,828	55,956	54,708
Total risk-based capital	$ 610,808	$ 622,444	$ 561,840	$ 567,254

11. Fair Value Disclosures

FASB ASC topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets. Level 1 instruments include securities traded on active exchange markets, such as the New York Stock Exchange, as well as U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter 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 2 instruments include securities traded in less active dealer or broker markets.

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 estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

We used the following methods and significant assumptions to estimate fair value:

Securities: Where quoted market prices are available in an active market, securities are classified as Level 1 of the valuation hierarchy. We currently do not have any Level 1 securities. If quoted market prices are not available for the specific security, then fair values are estimated by (1) using quoted market prices of securities with similar characteristics, (2) matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for specific securities but rather by relying on the securities' relationship to other benchmark quoted prices, or (3) a discounted cash flow analysis whose significant fair value inputs can generally be verified and do not typically involve judgment by management. These securities are classified as Level 2 of the valuation hierarchy and primarily include agency securities, private label mortgage-backed securities, other asset backed securities, obligations of states and political subdivisions, trust preferred securities and corporate securities.

Loans held for sale: The fair value of mortgage loans held for sale, carried at fair value is based on agency cash window loan pricing for comparable assets (recurring Level 2).

Collateral dependent loans with specific loss allocations based on collateral value: From time to time, certain collateral dependent loans will have an ACL established. When the fair value of the collateral is based on an appraised value or when an appraised value is not available we record the collateral dependent loan as nonrecurring Level 3. 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. Such adjustments can be significant and thus will typically result in a Level 3 classification of the inputs for determining fair value.

Other real estate: At the time of acquisition, other real estate is recorded at fair value, less estimated costs to sell, which becomes the property's new basis. Subsequent write-downs to reflect declines in value since the time of acquisition may occur from time to time and are recorded in net gains (losses) on other real estate and repossessed assets, which is part of non-interest expense - other in the interim Condensed Consolidated Statements of Operations. The fair value of the property used at and subsequent to the time of acquisition is typically determined by a third party appraisal of the property. 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. Such adjustments can be significant and typically result in a Level 3 classification of the inputs for determining fair value.

Appraisals for both collateral-dependent loans and other real estate are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by us. Once received, an independent third party, or a member of our Collateral Evaluation Department (for commercial properties), or a member of our Special Assets Group (for residential properties) reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison with independent data sources such as recent market data or industry-wide statistics. We compare the actual selling price of collateral that has been sold to the most recent appraised value of our properties to determine what additional adjustment, if any, should be made to the appraisal value to arrive at fair value. For commercial and residential properties we typically discount an appraisal to account for various factors that the appraisal excludes in its assumptions.

Capitalized mortgage loan servicing rights: The fair value of capitalized mortgage loan servicing rights is based on a valuation model used by an independent third party that calculates the present value of estimated net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income. Certain model assumptions are generally unobservable and are based upon the best information available including data relating to our own servicing portfolio, reviews of mortgage servicing assumption and valuation surveys and input from various mortgage servicers and, therefore, are recorded as Level 3. Management evaluates the third party valuation for reasonableness each quarter as part of our financial reporting control processes.

Derivatives: The fair value of rate-lock mortgage loan commitments is based on agency cash window loan pricing for comparable assets and the fair value of mandatory commitments to sell mortgage loans is based on mortgage backed security pricing for comparable assets (recurring Level 2). The fair value of interest rate swap, interest rate cap and interest rate floor agreements are derived from proprietary models which utilize current market data. The significant fair value inputs can generally be observed in the market place and do not typically involve judgment by management (recurring Level 2).

Assets and liabilities measured at fair value, including financial assets for which we have elected the fair value option, were as follows:

		Fair Value Measurements Using		
	Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Un-observable Inputs (Level 3)
	(In thousands)			
September 30, 2025:				
Measured at Fair Value on a Recurring Basis				
Assets				
Securities available for sale				
U.S. agency	$ 8,071	$ —	$ 8,071	$ —
U.S. agency residential mortgage-backed	78,196	—	78,196	—
U.S. agency commercial mortgage-backed	7,455	—	7,455	—
Private label mortgage-backed	41,936	—	41,936	—
Other asset backed	32,129	—	32,129	—
Obligations of states and political subdivisions	279,615	—	279,615	—
Corporate	54,200	—	54,200	—
Trust preferred	981	—	981	—
Loans held for sale	11,654	—	11,654	—
Capitalized mortgage loan servicing rights	31,522	—	—	31,522
Derivatives (1)	32,106	—	32,106	—
Liabilities				
Derivatives (2)	20,729	—	20,729	—
Measured at Fair Value on a Non-recurring Basis:				
Assets				
Collateral dependent loans (3)				
Commercial				
Commercial and industrial	8,386	—	—	8,386
Commercial real estate	10,892	—	—	10,892
Mortgage				
1-4 family owner occupied - non-jumbo	661	—	—	661
1-4 family non-owner occupied	9	—	—	9
1-4 family - 2nd lien	198	—	—	198
Resort lending	37	—	—	37
Installment				
Boat lending	205	—	—	205
Recreational vehicle lending	139	—	—	139
Other	57	—	—	57

(1) Included in accrued income and other assets
(2) Included in accrued expenses and other liabilities
(3) Only includes individually evaluated loans with specific allocations of the ACL based on collateral value.

		Fair Value Measurements Using		
	Fair Value Measure-ments	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significa Un-observab Inputs (Level 3
		(In thousands)		
December 31, 2024:				
Measured at Fair Value on a Recurring Basis				
Assets				
Securities available for sale				
U.S. agency	$ 8,159	$ —	$ 8,159	$
U.S. agency residential mortgage-backed	71,137	—	71,137	
U.S. agency commercial mortgage-backed	11,641	—	11,641	
Private label mortgage-backed	70,035	—	70,035	
Other asset backed	38,516	—	38,516	
Obligations of states and political subdivisions	288,791	—	288,791	
Corporate	69,921	—	69,921	
Trust preferred	982	—	982	
Loans held for sale	7,643	—	7,643	
Capitalized mortgage loan servicing rights	46,796	—	—	[illegible]
Derivatives (1)	37,059	—	37,059	
Liabilities				
Derivatives (2)	18,623	—	18,623	
Measured at Fair Value on a Non-recurring Basis:				
Assets				
Collateral dependent loans (3)				
Commercial				
Commercial and industrial	4,205	—	—	
Commercial real estate	132	—	—	
Mortgage				
1-4 family owner occupied - non-jumbo	627	—	—	
1-4 family - 2nd lien	170	—	—	
Resort lending	92	—	—	
Installment				
Boat lending	56	—	—	
Recreational vehicle lending	172	—	—	
Other	59	—	—	

(1) Included in accrued income and other assets
(2) Included in accrued expenses and other liabilities
(3) Only includes individually evaluated loans with specific allocations of the ACL based on collateral value.

Changes in fair values for financial assets which we have elected the fair value option for the periods presented were as follows:

	Changes in Fair Values for the Nine Month Periods Ended September 30 for items Measured at Fair Value Pursuant to Election of the Fair Value Option		
	Net Gains (losses) on Assets		
	Mortgage Loans	Mortgage Loan Servicing, net	Total Change in Fair Values Included in Current Period Earnings
	(In thousands)		
2025			
Loans held for sale	$ 38	$ —	$ 38
Capitalized mortgage loan servicing rights	—	(4,984)	(4,984)
2024			
Loans held for sale	215	—	215
Capitalized mortgage loan servicing rights	—	(4,995)	(4,995)

For those items measured at fair value pursuant to our election of the fair value option, interest income is recorded within the interim Condensed Consolidated Statements of Operations based on the contractual amount of interest income earned on these financial assets.

The following represent impairment charges recognized during the three and nine month periods ended September 30, 2025 and 2024 relating to assets measured at fair value on a non-recurring basis:

- Loans that are individually evaluated using the fair value of collateral for collateral dependent loans had a carrying amount of $20.6 million, which is net of a valuation allowance of $5.7 million at September 30, 2025, and had a carrying amount of $5.5 million, which is net of a valuation allowance of $2.3 million at December 31, 2024. The provision for credit losses included in our results of operations relating to collateral dependent loans was a net expense of $1.3 million and $0.9 million for the three month periods ending September 30, 2025 and 2024, respectively, and a net expense of $3.3 million and $2.0 million for the nine month periods ending September 30, 2025 and 2024, respectively.

A reconciliation for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) follows:

	Capitalized Mortgage Loan Servicing Rights			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)		(In thousands)	
Beginning balance	$ 32,053	$ 44,406	$ 46,796	$ 42,243
Total gains (losses) realized and unrealized:				
Included in results of operations	(1,479)	(5,378)	(4,984)	(4,995)
Included in results of operations - gain on sale(1)	(61)	—	(233)	—
Included in other comprehensive loss	—	—	—	—
Purchases, issuances, settlements, maturities and calls	948	1,176	2,766	2,956
Sales(1)	61	—	(12,823)	—
Transfers in and/or out of Level 3	—	—	—	—
Ending balance	$ 31,522	$ 40,204	$ 31,522	$ 40,204
Amount of total losses for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at September 30	$ (1,479)	$ (5,378)	$ (4,984)	$ (4,995)

(1) On January 31, 2025 we sold $931.6 million of mortgage loan servicing rights (26.3% of total servicing portfolio) and transferred the servicing on March 3, 2025. This sale represented approximately $13.1 million (27.9%) of the total capitalized mortgage loan servicing right asset. While there remains a customary hold back of final settlement funds of approximately $0.6 million relating to this transaction, we are not aware of any issues that will have a material impact on this final payment. We have until the first quarter, 2026 to receive this final payment. Transaction expenses relating to this sale were approximately $0.2 million and was expensed during the first nine months of 2025.

The fair value of our capitalized mortgage loan servicing rights has been determined based on a valuation model used by an independent third party as discussed above. The significant unobservable inputs used in the fair value measurement of the capitalized mortgage loan servicing rights are discount rate, cost to service, ancillary income, float rate and prepayment rate. Significant changes in all five of these assumptions in isolation would result in significant changes to the value of our capitalized mortgage loan servicing rights. Quantitative information about our Level 3 fair value measurements measured on a recurring basis follows:

	Asset Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average
	(In thousands)				
September 30, 2025					
Capitalized mortgage loan servicing rights	$ 31,522	Present value of net servicing revenue	Discount rate	9.50% to 31.06%	9.93 %
			Cost to service	$69 to $817	$ 80
			Ancillary income	20 to 30	21
			Float rate	3.68 %	3.68 %
			Prepayment rate	5.39% to 32.90%	9.80 %
December 31, 2024					
Capitalized mortgage loan servicing rights	$ 46,796	Present value of net servicing revenue	Discount rate	10.00% to 19.15%	10.37 %
			Cost to service	$70 to $817	$ 79
			Ancillary income	20 to 30	20
			Float rate	4.33 %	4.33 %
			Prepayment rate	5.40% to 28.28%	7.54%

Quantitative information about Level 3 fair value measurements measured on a non-recurring basis follows:

	Asset Fair Value (In thousands)	Valuation Technique	Unobservable Inputs	Range	Weighted Average
September 30, 2025					
Collateral dependent loans					
Commercial	$ 7,272	Discounting financial statement and machinery and equipment appraised values	Discount rates used	40.0% to 70.0%	48.0 %
	12,006	Sales comparison approach	Adjustment for differences between comparable sales	(18.0) to 42.0	(1.0)
Mortgage and Installment(1)	1,306	Sales comparison approach	Adjustment for differences between comparable sales	(28.0) to 16.9	(1.6)
December 31, 2024					
Collateral dependent loans					
Commercial	$ 3,478	Discounting financial statement and machinery and equipment appraised values	Discount rates used	45.0% to 55.0%	50.5 %
	859	Sales comparison approach	Adjustment for differences between comparable sales	(20.0) to 35.0	(1.4)
Mortgage and Installment(1)	1,176	Sales comparison approach	Adjustment for differences between comparable sales	(22.0) to 21.7	(0.4)

(1) In addition to the valuation techniques and unobservable inputs discussed above, at September 30, 2025 and December 31, 2024 certain collateral dependent installment loans totaling approximately $0.40 million and $0.29 million, respectively, are secured by collateral other than real estate. For the majority of these loans, we apply internal discount rates to industry valuation guides.

The following table reflects the difference between the aggregate fair value and the aggregate remaining contractual principal balance outstanding for loans held for sale for which the fair value option has been elected for the periods presented.

	Aggregate Fair Value	Difference	Contractual Principal
		(In thousands)	
Loans held for sale			
September 30, 2025	$ 11,654	$ 116	$ 11,538
December 31, 2024	7,643	78	7,565

12. Fair Values of Financial Instruments

Most of our assets and liabilities are considered financial instruments. Many of these financial instruments lack an available trading market and it is our general practice and intent to hold the majority of our financial instruments to maturity. Significant estimates and assumptions were used to determine the fair value of financial instruments. These estimates are subjective in nature, involving uncertainties and matters of judgment, and therefore, fair values may not be a precise estimate. Changes in assumptions could significantly affect the estimates.

Estimated fair values have been determined using available data and methodologies that are considered suitable for each category of financial instrument. For instruments with adjustable interest rates which reprice frequently and without significant credit risk, it is presumed that estimated fair values approximate the recorded book balances.

The estimated recorded book balances and fair values follow:

	Recorded Book Balance	Fair Value	Fair Value Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Un-observable Inputs (Level 3)
			(In thousands)		
September 30, 2025					
Assets					
Cash and due from banks	$ 56,378	$ 56,378	$ 56,378	$ —	$ —
Interest bearing deposits	152,308	152,308	152,308	—	—
Securities available for sale	502,583	502,583	—	502,583	—
Securities held to maturity	321,450	293,242	—	293,242	—
Federal Home Loan Bank and Federal Reserve Bank Stock	18,102	NA	NA	NA	NA
Net loans and loans held for sale	4,147,478	3,991,609	—	11,654	3,979,955
Accrued interest receivable	19,270	19,270	250	4,863	14,157
Derivative financial instruments	32,106	32,106	—	32,106	—
Liabilities					
Deposits with no stated maturity (1)	$ 3,911,405	$ 3,911,405	$ 3,911,405	$ —	$ —
Deposits with stated maturity (1)	947,750	946,153	—	946,153	—
Other borrowings	2,006	1,673	—	1,673	—
Subordinated debentures	39,847	39,585	—	39,585	—
Accrued interest payable	3,245	3,245	323	2,922	—
Derivative financial instruments	20,729	20,729	—	20,729	—
December 31, 2024					
Assets					
Cash and due from banks	$ 56,984	$ 56,984	$ 56,984	$ —	$ —
Interest bearing deposits	62,898	62,898	62,898	—	—
Securities available for sale	559,182	559,182	—	559,182	—
Securities held to maturity	339,436	301,860	—	301,860	—
Federal Home Loan Bank and Federal Reserve Bank Stock	16,099	NA	NA	NA	NA
Net loans and loans held for sale	3,987,089	3,772,862	—	7,643	3,765,219
Accrued interest receivable	19,113	19,113	46	5,606	13,461
Derivative financial instruments	37,059	37,059	—	37,059	—
Liabilities					
Deposits with no stated maturity (1)	$ 3,806,185	$ 3,806,185	$ 3,806,185	$ —	$ —
Deposits with stated maturity (1)	847,903	845,534	—	845,534	—
Other borrowings	45,009	44,996	—	44,996	—
Subordinated debt	39,586	40,412	—	40,412	—
Subordinated debentures	39,796	40,235	—	40,235	—
Accrued interest payable	3,109	3,109	374	2,735	—
Derivative financial instruments	18,623	18,623	—	18,623	—

(1) Deposits with no stated maturity include reciprocal deposits with a recorded book balance of $867.422 million and $797.224 million at September 30, 2025 and December 31, 2024, respectively. Deposits with a stated maturity include reciprocal deposits with a recorded book balance of $113.693 million and $109.807 million at September 30, 2025 and December 31, 2024, respectively.

The fair values for commitments to extend credit and standby letters of credit are estimated to approximate their aggregate book balance, which is nominal and therefore are not disclosed.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale the entire holdings of a particular financial instrument.

Fair value estimates are based on existing on- and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business, the value of future earnings attributable to off-balance sheet activities and the value of assets and liabilities that are not considered financial instruments.

Fair value estimates for deposit accounts do not include the value of the core deposit intangible asset resulting from the low-cost funding provided by the deposit liabilities compared to the cost of borrowing funds in the market.

13. Contingencies

Pressures from various global and national macroeconomic conditions, including significant volatility and uncertainty with U.S. and global market conditions, the direct and indirect impacts of potential changes to U.S. trade policies, recessionary concerns, uncertainty regarding future interest rates, foreign currency exchange rate fluctuations, the continuation of the Russia-Ukraine war, ongoing and potentially increasing conflict in the Middle East, and potential governmental responses to these events, continue to create significant economic uncertainty. In addition, pursuit of various initiatives announced by the Trump administration may create some degree of volatility in our customers' businesses, regulation of the financial services industry, and the markets in which we operate.

The extent to which these pressures and other factors may impact our business, results of operations, asset valuations, financial condition, and customers will depend on future developments, which continue to be highly uncertain and difficult to predict. Material adverse impacts may include all or a combination of valuation impairments on our other intangibles, goodwill, securities available for sale, securities held to maturity, loans, capitalized mortgage loan servicing rights or deferred tax assets.

We continue to closely monitor and analyze the higher risk segments within our portfolio, and senior management is cautiously optimistic that we are positioned to continue managing the impact of the varied set of risks and uncertainties currently impacting the global and U.S. economies. However, a high degree of uncertainty still exists with respect to the impact of these fluid macroeconomic conditions on the future performance of our loan portfolio and our financial results.

Litigation

We are involved in various litigation matters in the ordinary course of business. At the present time, we do not believe any of these matters will have a significant impact on our interim condensed consolidated financial position or results of operations. The aggregate amount we have accrued for losses we consider probable as a result of these litigation matters is not material. However, because of the inherent uncertainty of outcomes from any litigation matter, we believe it is reasonably possible we may incur losses in addition to the amounts we have accrued. At this time, we estimate the maximum amount of additional losses that are reasonably possible is insignificant. However, because of a number of factors, including the fact that certain of these litigation matters are still in their early stages, this maximum amount may change in the future.

The litigation matters described in the preceding paragraph primarily include claims that have been brought against us for damages, but do not include litigation matters where we seek to collect amounts owed to us by third parties (such as litigation initiated to collect delinquent loans). These excluded, collection-related matters may involve claims or counterclaims by the opposing party or parties, but we have excluded such matters from the disclosure contained in the preceding paragraph in all cases where we believe the possibility of us paying damages to any opposing party is remote.

Visa Stock

On May 6, 2024, we exchanged 12,566 shares of Visa Inc. Class B-1 common stock (all of the Class B-1 shares we owned) for 2,493 shares of Visa Inc. Class C common stock and 6,283 shares of Visa Inc. Class B-2 common stock pursuant to an exchange offer conducted by Visa. Each Class C share automatically converts to 4 shares of Visa Inc. Class A common stock upon a transfer to anyone other than a Visa member or an affiliate of a Visa member. The Class B-2 shares have the same transfer restrictions as the transfer restrictions on the Class B-1 shares and can only be sold to other Class B shareholders.

Because of the very limited liquidity for the Class B-1 shares (prior to completion of the exchange offer) and uncertainty regarding the likelihood, ultimate timing, and eventual exchange rate for Class B-1 shares into Class A shares, we were carrying these shares at zero (prior to the completion of the exchange offer), representing cost basis less impairment. In light of the continued uncertainty regarding the likelihood, ultimate timing, and eventual exchange rate for Class B-2 shares into Class A shares, we are carrying the Class B-2 shares at zero at both September 30, 2025 and December 31, 2024, representing cost basis less impairment. However, given the current conversion ratio of 1.5223 Class A shares for every 1 Class B-2 share and the closing price of Visa Class A shares on October 27, 2025 of $347.82 per share, our 6,283 Class B-2 shares would have a current "value" of approximately $3.3 million.

As a condition to our participation in the exchange offer, we were required to enter into a Makewhole Agreement that will require us to reimburse Visa in certain circumstances if certain litigation in which Visa has been involved since 2008 results in damages significantly higher than Visa currently expects. Potential payments under the Makewhole Agreement are designed to equal the decline in value we would have experienced had we not participated in Visa's exchange offer.

Based on the disclosures that have been made by Visa regarding the status of this litigation and other circumstances relating to the exchange offer and potential future, similar exchange offers, we believe the likelihood we will have to make any payments under the Makewhole Agreement is remote.

14. Accumulated Other Comprehensive Loss (“AOCL”)

A summary of changes in AOCL follows:

	Unrealized Losses on Securities AFS	Unrealized Losses on Securities Transferred to Securities HTM (1)	Disproportionate Tax Effects from Securities AFS	Unrealized Gains (Losses) on Derivative Instruments	Total
			(In thousands)		
For the three months ended September 30,					
2025					
Balances at beginning of period	$ (51,816)	$ (11,489)	$ (5,798)	$ (784)	$ (69,887)
Other comprehensive income (loss) before reclassifications	9,066	614	—	(932)	8,748
Amounts reclassified from AOCL	27	—	—	482	509
Net current period other comprehensive income (loss)	9,093	614	—	(450)	9,257
Balances at end of period	$ (42,723)	$ (10,875)	$ (5,798)	$ (1,234)	$ (60,630)
2024					
Balances at beginning of period	$ (49,482)	$ (14,084)	$ (5,798)	$ (1,464)	$ (70,828)
Other comprehensive income before reclassifications	9,340	646	—	2,168	12,154
Amounts reclassified from AOCL	114	—	—	308	422
Net current period other comprehensive income	9,454	646	—	2,476	12,576
Balances at end of period	$ (40,028)	$ (13,438)	$ (5,798)	$ 1,012	$ (58,252)
For the nine months ended September 30,					
2025					
Balances at beginning of period	$ (49,301)	$ (12,775)	$ (5,798)	$ (2,070)	$ (69,944)
Other comprehensive income (loss) before reclassifications	6,298	1,900	—	(383)	7,815
Amounts reclassified from AOCL	280	—	—	1,219	1,499
Net current period other comprehensive income	6,578	1,900	—	836	9,314
Balances at end of period	$ (42,723)	$ (10,875)	$ (5,798)	$ (1,234)	$ (60,630)
2024					
Balances at beginning of period	$ (51,113)	$ (15,408)	$ (5,798)	$ 177	$ (72,142)
Other comprehensive income before reclassifications	10,758	1,970	—	41	12,769
Amounts reclassified from AOCL	327	—	—	794	1,121
Net current period other comprehensive income	11,085	1,970	—	835	13,890
Balances at end of period	$ (40,028)	$ (13,438)	$ (5,798)	$ 1,012	$ (58,252)

(1) Represents the remaining unrealized loss to be accreted on securities that were transferred from AFS to HTM on April 1, 2022.

The disproportionate tax effects from securities AFS arose due to tax effects of other comprehensive income ("OCI") in the presence of a valuation allowance against our deferred tax assets and a pretax loss from operations. Generally, the amount of income tax expense or benefit allocated to operations is determined without regard to the tax effects of other categories of income or loss, such as OCI. However, an exception to the general rule is provided when, in the presence of a valuation allowance against deferred tax assets, there is a pretax loss from operations and pretax income from other categories in the current period. In such instances, income from other categories must offset the current loss from operations, the tax benefit of such offset being reflected in operations. Release of material disproportionate tax effects from other comprehensive income to earnings is done by the portfolio method whereby the effects will remain in AOCL as long as we carry a more than inconsequential portfolio of securities AFS.

A summary of reclassifications out of each component of AOCL for the three months ended September 30 follows:

AOCL Component	Amount Reclassified From AOCL	Affected Line Item in Interim Condensed Consolidated Statements of Operations
	(In thousands)	
2025		
Unrealized losses on securities available for sale		
	$ (36)	Net losses on securities available for sale
	(9)	Income tax expense
	$ (27)	Reclassifications, net of tax
Unrealized gains (losses) on derivative instruments		
	$ (606)	Interest income
	4	Interest expense
	(610)	
	(128)	Income tax expense
	$ (482)	Reclassifications, net of tax
	$ (509)	Total reclassifications for the period, net of tax
2024		
Unrealized losses on securities available for sale		
	$ (145)	Net losses on securities available for sale
	(31)	Income tax expense
	$ (114)	Reclassifications, net of tax
Unrealized gains (losses) on derivative instruments		
	$ (390)	Interest income
	(82)	Income tax expense
	$ (308)	Reclassifications, net of tax
	$ (422)	Total reclassifications for the period, net of tax

A summary of reclassifications out of each component of AOCL for the nine months ended September 30 follows:

AOCL Component	Amount Reclassified From AOCL	Affected Line Item in Interim Condensed Consolidated Statements of Operations
	(In thousands)	
2025		
Unrealized losses on securities available for sale		
	$ (355)	Net losses on securities available for sale
	(75)	Income tax expense
	$ (280)	Reclassifications, net of tax
Unrealized gains (losses) on derivative instruments		
	$ (1,535)	Interest income
	8	Interest expense
	(1,543)	
	(324)	Income tax expense
	$ (1,219)	Reclassifications, net of tax
	$ (1,499)	Total reclassifications for the period, net of tax
2024		
Unrealized losses on securities available for sale		
	$ (414)	Net losses on securities available for sale
	(87)	Income tax expense
	$ (327)	Reclassifications, net of tax
Unrealized gains (losses) on derivative instruments		
	$ (1,005)	Interest income
	211	Income tax expense
	$ (794)	Reclassifications, net of tax
	$ (1,121)	Total reclassifications for the period, net of tax

15. Revenue from Contracts with Customers

We account for revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers. We derive the majority of our revenue from financial instruments and their related contractual rights and obligations which for the most part are excluded from the scope of this topic. These sources of revenue that are excluded from the scope of this topic include interest income, net gains on mortgage loans, net losses on securities AFS, mortgage loan servicing, net and bank owned life insurance and were approximately 88.2% and 88.3% of total revenues for the nine month periods ending September 30, 2025 and 2024, respectively.

Material sources of revenue that are included in the scope of this topic include service charges on deposit accounts, other deposit related income, interchange income and investment and insurance commissions and are discussed in the following paragraphs. Generally these sources of revenue are earned at the time the service is delivered or over the course of a monthly period and do not result in any contract asset or liability balance at any given period end. As a result, there were no contract assets or liabilities recorded as of September 30, 2025 and December 31, 2024, respectively.

Service charges on deposit accounts and other deposit related income**:** Revenues are earned on depository accounts for commercial and retail customers and include fees for transaction-based, account maintenance and overdraft services. Transaction-based fees, which includes services such as ATM use fees, stop payment charges and ACH fees are recognized at the time the transaction is executed as that is the time we fulfill our customer's request. Account maintenance fees, which includes monthly maintenance services are earned over the course of a month representing the period over which the performance obligation is satisfied. Our obligation for overdraft services is satisfied at the time of the overdraft.

Interchange income: Interchange income primarily includes debit card interchange and network revenues. Debit card interchange and network revenues are earned on debit card transactions conducted through payment networks such as MasterCard and Accel. Interchange income is recognized concurrently with the delivery of services on a daily basis. Interchange and network revenues are presented gross of interchange expenses, which are presented separately as a component of non-interest expense.

Investment and insurance commissions: Investment and insurance commissions include fees and commissions from asset management, custody, recordkeeping, investment advisory and other services provided to our customers. Revenue is recognized on an accrual basis at the time the services are performed and generally based on either the market value of the assets managed or the services provided. We have an agent relationship with a third party provider of these services and net certain direct costs charged by the third party provider associated with providing these services to our customers.

Net (gains) losses on other real estate and repossessed assets: We record a gain or loss from the sale of other real estate when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. If we were to finance the sale of other real estate to the buyer, we would assess whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction is probable. Once these criteria are met, the other real estate asset would be derecognized and the gain or loss on sale would be recorded upon the transfer of control of the property to the buyer. There were no other real estate properties sold during the nine month periods ending September 30, 2025 and 2024 that were financed by us.

Three months ending September 30, 2025

	Service Charges on Deposit Accounts	Other Deposit Related Income	Interchange Income	Investment and Insurance Commissions	Total
			(In thousands)		
Retail					
Overdraft fees	$ 2,333	$ —	$ —	$ —	$ 2,333
Account service charges	685	—	—	—	685
ATM fees	—	413	—	—	413
Other	—	153	—	—	153
Business					
Overdraft fees	113	—	—	—	113
ATM fees	—	13	—	—	13
Other	—	113	—	—	113
Interchange income	—	—	4,157	—	4,157
Asset management revenue	—	—	—	413	413
Transaction based revenue	—	—	—	527	527
Total	$ 3,131	$ 692	$ 4,157	$ 940	$ 8,920

Reconciliation to interim Condensed Consolidated Statement of Operations:	
Non-interest income - other:	
Other deposit related income	$ 692
Investment and insurance commissions	940
Bank owned life insurance (1)	288
Other (1)	1,217
Total	$ 3,137

(1) Excluded from the scope of ASC Topic 606.

Three months ending September 30, 2024

	Service Charges on Deposit Accounts	Other Deposit Related Income	Interchange Income	Investment and Insurance Commissions	Total
			(In thousands)		
Retail					
Overdraft fees	$ 2,378	$ —	$ —	$ —	$ 2,378
Account service charges	593	—	—	—	593
ATM fees	—	430	—	—	430
Other	—	167	—	—	167
Business					
Overdraft fees	114	—	—	—	114
ATM fees	—	13	—	—	13
Other	—	114	—	—	114
Interchange income	—	—	4,146	—	4,146
Asset management revenue	—	—	—	458	458
Transaction based revenue	—	—	—	423	423
Total	$ 3,085	$ 724	$ 4,146	$ 881	$ 8,836

Reconciliation to interim Condensed Consolidated Statement of Operations:	
Non-interest income - other:	
Other deposit related income	$ 724
Investment and insurance commissions	881
Bank owned life insurance (1)	197
Other (1)	1,581
Total	$ 3,383

(1) Excluded from the scope of ASC Topic 606.

	Service Charges on Deposit Accounts	Other Deposit Related Income	Interchange Income	Investment and Insurance Commissions	Total
Nine months ending September 30, 2025			(In thousands)		
Retail					
Overdraft fees	$ 6,634	$ —	$ —	$ —	$ 6,634
Account service charges	1,951	—	—	—	1,951
ATM fees	—	1,169	—	—	1,169
Other	—	506	—	—	506
Business					
Overdraft fees	341	—	—	—	341
ATM fees	—	35	—	—	35
Other	—	327	—	—	327
Interchange income	—	—	10,674	—	10,674
Asset management revenue	—	—	—	1,214	1,214
Transaction based revenue	—	—	—	1,290	1,290
Total	$ 8,926	$ 2,037	$ 10,674	$ 2,504	$ 24,141

Reconciliation to interim Condensed Consolidated Statement of Operations:	
Non-interest income - other:	
Other deposit related income	$ 2,037
Investment and insurance commissions	2,504
Bank owned life insurance (1)	881
Other (1)	3,683
Total	$ 9,105

(1) Excluded from the scope of ASC Topic 606.

	Service Charges on Deposit Accounts	Other Deposit Related Income	Interchange Income	Investment and Insurance Commissions	Total
Nine months ending September 30, 2024			(In thousands)		
Retail					
Overdraft fees	$ 6,788	$ —	$ —	$ —	$ 6,788
Account service charges	1,787	—	—	—	1,787
ATM fees	—	1,225	—	—	1,225
Other	—	603	—	—	603
Business					
Overdraft fees	319	—	—	—	319
ATM fees	—	37	—	—	37
Other	—	327	—	—	327
Interchange income	—	—	10,698	—	10,698
Asset management revenue	—	—	—	1,448	1,448
Transaction based revenue	—	—	—	1,075	1,075
Total	$ 8,894	$ 2,192	$ 10,698	$ 2,523	$ 24,307

Reconciliation to interim Condensed Consolidated Statement of Operations:	
Non-interest income - other:	
Other deposit related income	$ 2,192
Investment and insurance commissions	2,523
Bank owned life insurance (1)	566
Other (1)	3,537
Total	$ 8,818

(1) Excluded from the scope of ASC Topic 606.

16. Leases

We have entered into leases in the normal course of business primarily for office facilities, some of which include renewal options and escalation clauses. Certain leases also include both lease components (fixed payments including rent, taxes and insurance costs) and non-lease components (common area or other maintenance costs) which are accounted for as a single lease component as we have elected the practical expedient to group lease and non-lease components together for all leases. We have also elected not to recognize leases with original lease terms of 12 months or less (short-term leases) on our interim Condensed Consolidated Statements of Financial Condition. Most of our leases include one or more options to renew. The exercise of lease renewal options is typically at our sole discretion and are included in our right of use ("ROU") assets and lease liabilities if they are reasonably certain of exercise.

Leases are classified as operating or finance leases at the lease commencement date (we did not have any finance leases as of September 30, 2025 and December 31, 2024). Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the lease term. The ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of the lease payment over the lease term.

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments.

The cost components of our operating leases follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)		(In thousands)	
Operating lease cost	$ 352	$ 349	$ 1,037	$ 1,044
Variable lease cost	2	10	12	32
Short-term lease cost	16	23	55	70
Total	$ 370	$ 382	$ 1,104	$ 1,146

Variable lease costs consist primarily of taxes, insurance, and common area or other maintenance costs for our leased facilities.

Supplemental balance sheet information related to our operating leases follows:

	September 30, 2025	December 31, 2024
	(Dollars in thousands)	
Lease right of use asset (1)	$ 6,473	$ 5,971
Lease liabilities (2)	$ 6,717	$ 6,338
Weighted average remaining lease term (years)	6.97	7.07
Weighted average discount rate	4.4 %	3.7 %

(1) Included in Accrued income and other assets in our interim Condensed Consolidated Statements of Financial Condition.
(2) Included in Accrued expenses and other liabilities in our interim Condensed Consolidated Statements of Financial Condition.

Maturity analysis of our lease liabilities at September 30, 2025 based on required contractual payments follows:

	(In thousands)
Three months ending December 31, 2025	$ 343
2026	1,310
2027	1,166
2028	1,110
2029	1,112
2030 and thereafter	2,844
Total lease payments	7,885
Less imputed interest	(1,168)
Total	$ 6,717

17. Segment Reporting

Independent Bank Corporation is a bank holding company, whose principal activity is the ownership and management of its wholly-owned subsidiaries, including Independent Bank. As a community-oriented financial institution, substantially all of our operations involve the delivery of loan and deposit products to customers.

We have one reportable segment which is determined by the Chief Executive Officer, who is the designated chief operating decision maker, based upon information provided about the products and services we offer, primarily banking operations. The segment is also distinguished by the level of information provided to the chief operating decision maker, who uses such information to review performance of various components of the business, which are then aggregated if the operating performance, products/services, and customers are similar. The chief operating decision maker will evaluate the performance of our business components such as evaluating revenue streams, significant expenses, and budget to actual results assessing our segment and in the determination of allocating resources. The chief operating decision maker uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate return on assets. The chief operating decision maker uses consolidated net income, earnings per share, and return on average assets to benchmark us against our competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessing performance and in establishing compensation. Loans, investments, and deposits provide the majority of revenues in the banking operation. Interest expense, provisions for credit losses, and compensation and employee benefits provide the significant expenses in the banking operation. All operations are domestic.

Segment performance is evaluated using consolidated net income, earnings per share, and return on average assets. Information reported internally for performance assessment by the chief operating decision maker is as follows, inclusive of reconciliations of significant segment totals to the interim condensed consolidated financial statements for the three and nine month periods ended September 30, 2025 and 2024.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

	Three Months Ended September 30, 2025			
	Independent Bank	Other(1)	Eliminations	Total
	(In thousands)			
INTEREST INCOME				
Interest and fees on loans	$ 61,254	$ —	$ 71	$ 61,325
Interest on securities	6,427	—	—	6,427
Other investments	1,538	343	(343)	1,538
Total Interest Income	69,219	343	(272)	69,290
INTEREST EXPENSE				
Deposits	22,315	—	(343)	21,972
Other borrowings and subordinated debt and debentures	139	1,818	—	1,957
Total Interest Expense	22,454	1,818	(343)	23,929
Net Interest Income	46,765	(1,475)	71	45,361
Provision for credit losses	1,991	—	—	1,991
Net Interest Income After Provision for Credit Losses	44,774	(1,475)	71	43,370
NON-INTEREST INCOME				
Interchange income	4,157	—	—	4,157
Service charges on deposit accounts	3,131	—	—	3,131
Net gains on mortgage loans	1,425	—	49	1,474
Mortgage loan servicing, net	74	—	—	74
Other	3,010	310	(219)	3,101
Total Non-interest Income	11,797	310	(170)	11,937
NON-INTEREST EXPENSE				
Compensation and employee benefits	21,016	144	(35)	21,125
Data processing	3,764	20	—	3,784
Occupancy, net	2,121	6	—	2,127
Interchange expense	1,180	—	—	1,180
Furniture, fixtures and equipment	891	1	—	892
Advertising	523	3	—	526
FDIC deposit insurance	615	—	—	615
Legal and professional	546	136	—	682
Loan and collection	618	—	—	618
Communications	460	5	—	465
Other	1,915	202	—	2,117
Total Non-interest Expense	33,649	517	(35)	34,131
Income Before Income Tax	22,922	(1,682)	(64)	21,176
Income tax expense	4,122	(435)	(13)	3,674
Net Income	$ 18,800	$ (1,247)	$ (51)	$ 17,502
OTHER SEGMENT DISCLOSURES				
Depreciation	1,125	—	—	1,125
Amortization	121	—	—	121
Total assets	5,486,851	538,943	(532,681)	5,493,113

(1) Includes amounts relating to our parent company and certain insignificant operations.

	Three Months Ended September 30, 2024			
	Independent Bank	Other[(1)]	Eliminations	Total
	(In thousands)			
INTEREST INCOME				
Interest and fees on loans	$ 58,345	$ —	$ 65	$ 58,410
Interest on securities	7,906	—	—	7,906
Other investments	2,018	487	(487)	2,018
Total Interest Income	68,269	487	(422)	68,334
INTEREST EXPENSE				
Deposits	24,949	—	(487)	24,462
Other borrowings and subordinated debt and debentures	552	1,466	—	2,018
Total Interest Expense	25,501	1,466	(487)	26,480
Net Interest Income	42,768	(979)	65	41,854
Provision for credit losses	1,488	—	—	1,488
Net Interest Income After Provision for Credit Losses	41,280	(979)	65	40,366
NON-INTEREST INCOME				
Interchange income	4,146	—	—	4,146
Service charges on deposit accounts	3,085	—	—	3,085
Net gains on mortgage loans	2,125	—	52	2,177
Mortgage loan servicing, net	(3,130)	—	—	(3,130)
Other	3,142	275	(187)	3,230
Total Non-interest Income	9,368	275	(135)	9,508
NON-INTEREST EXPENSE				
Compensation and employee benefits	19,951	129	(32)	20,048
Data processing	3,360	19	—	3,379
Occupancy, net	1,887	6	—	1,893
Interchange expense	1,149	—	—	1,149
Furniture, fixtures and equipment	931	1	—	932
Advertising	580	1	—	581
FDIC deposit insurance	664	—	—	664
Legal and professional	607	80	—	687
Loan and collection	657	—	—	657
Communications	514	5	—	519
Other	1,888	186	—	2,074
Total Non-interest Expense	32,188	427	(32)	32,583
Income Before Income Tax	18,460	(1,131)	(38)	17,291
Income tax expense	3,725	(237)	(7)	3,481
Net Income	$ 14,735	$ (894)	$ (31)	$ 13,810
OTHER SEGMENT DISCLOSURES				
Depreciation	1,283	—	—	1,283
Amortization	129	—	—	129
Total assets	5,254,269	541,422	(536,423)	5,259,268

(1) Includes amounts relating to our parent company and certain insignificant operations.

	Nine Months Ended September 30, 2025			
	Independent Bank	Other[(1)]	Eliminations	Total
	(In thousands)			
INTEREST INCOME				
Interest and fees on loans	$ 178,419	$ —	$ 209	$ 178,628
Interest on securities	19,802	—	—	19,802
Other investments	3,882	1,082	(1,082)	3,882
Total Interest Income	202,103	1,082	(873)	202,312
INTEREST EXPENSE				
Deposits	64,471	—	(1,082)	63,389
Other borrowings and subordinated debt and debentures	585	4,677	—	5,262
Total Interest Expense	65,056	4,677	(1,082)	68,651
Net Interest Income	137,047	(3,595)	209	133,661
Provision for credit losses	4,212	—	—	4,212
Net Interest Income After Provision for Credit Losses	132,835	(3,595)	209	129,449
NON-INTEREST INCOME				
Interchange income	10,674	—	—	10,674
Service charges on deposit accounts	8,926	—	—	8,926
Net gains on mortgage loans	5,231	—	177	5,408
Mortgage loan servicing, net	(72)	—	—	(72)
Other	8,429	938	(617)	8,750
Total Non-interest Income	33,188	938	(440)	33,686
NON-INTEREST EXPENSE				
Compensation and employee benefits	62,329	409	(107)	62,631
Data processing	11,302	58	—	11,360
Occupancy, net	6,378	18	—	6,396
Interchange expense	3,476	—	—	3,476
Furniture, fixtures and equipment	2,568	2	—	2,570
Advertising	2,213	7	—	2,220
FDIC deposit insurance	1,963	—	—	1,963
Legal and professional	1,325	336	—	1,661
Loan and collection	2,148	—	—	2,148
Communications	1,507	19	—	1,526
Other	5,609	595	—	6,204
Total Non-interest Expense	100,818	1,444	(107)	102,155
Income Before Income Tax	65,205	(4,101)	(124)	60,980
Income tax expense	12,232	(1,195)	(26)	11,011
Net Income	$ 52,973	$ (2,906)	$ (98)	$ 49,969
OTHER SEGMENT DISCLOSURES				
Depreciation	3,721	1	—	3,722
Amortization	365	—	—	365
Total assets	5,486,851	538,943	(532,681)	5,493,113

(1) Includes amounts relating to our parent company and certain insignificant operations.

	Nine Months Ended September 30, 2024			
	Independent Bank	Other[(1)]	Eliminations	Total
	(In thousands)			
INTEREST INCOME				
Interest and fees on loans	$ 170,050	$ —	$ 189	$ 170,239
Interest on securities	24,661	—	—	24,661
Other investments	4,898	1,320	(1,320)	4,898
Total Interest Income	199,609	1,320	(1,131)	199,798
INTEREST EXPENSE				
Deposits	71,468	—	(1,320)	70,148
Other borrowings and subordinated debt and debentures	1,856	4,397	—	6,253
Total Interest Expense	73,324	4,397	(1,320)	76,401
Net Interest Income	126,285	(3,077)	189	123,397
Provision for credit losses	2,251	—	—	2,251
Net Interest Income After Provision for Credit Losses	124,034	(3,077)	189	121,146
NON-INTEREST INCOME				
Interchange income	10,698	—	—	10,698
Service charges on deposit accounts	8,894	—	—	8,894
Net gains on mortgage loans	4,750	—	124	4,874
Mortgage loan servicing, net	1,686	—	—	1,686
Other	10,809	754	(474)	11,089
Total Non-interest Income	36,837	754	(350)	37,241
NON-INTEREST EXPENSE				
Compensation and employee benefits	61,795	356	(82)	62,069
Data processing	9,836	55	—	9,891
Occupancy, net	5,835 0	18	—	5,853
Interchange expense	3,373	—	—	3,373
Furniture, fixtures and equipment	2,831	3	—	2,834
Advertising	1,854	6	—	1,860
FDIC deposit insurance	2,141	—	—	2,141
Legal and professional	1,417	300	—	1,717
Loan and collection	1,868	—	—	1,868
Communications	1,617	16	—	1,633
Other	4,306	564	—	4,870
Total Non-interest Expense	96,873	1,318	(82)	98,109
Income Before Income Tax	63,998	(3,641)	(79)	60,278
Income tax expense	12,765	(800)	(16)	11,949
Net Income	$ 51,233	$ (2,841)	$ (63)	$ 48,329
OTHER SEGMENT DISCLOSURES				
Depreciation	3,879	2	—	3,881
Amortization	387	—	—	387
Total assets	5,254,269	541,422	(536,423)	5,259,268

(1) Includes amounts relating to our parent company and certain insignificant operations.

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction. The following section presents additional information to assess the financial condition and results of operations of Independent Bank Corporation ("IBCP"), its wholly-owned bank, Independent Bank (the "Bank"), and their subsidiaries. This section should be read in conjunction with the interim Condensed Consolidated Financial Statements. We also encourage you to read our 2024 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC"). That report includes a list of risk factors that you should consider in connection with any decision to buy or sell our securities.

Overview. We provide banking services to customers located primarily in Michigan's Lower Peninsula. We also have a loan production office in Fairlawn, Ohio. As a result, our success depends to a great extent upon the economic conditions in Michigan's Lower Peninsula.

Recent Developments. Pressures from various global and national macroeconomic conditions, including significant volatility and uncertainty with U.S. and global market conditions, the direct and indirect impacts of potential changes to U.S. trade policies, recessionary concerns, uncertainty regarding future interest rates, foreign currency exchange rate fluctuations, the continuation of the Russia-Ukraine war, ongoing and potentially increasing conflict in the Middle East, and potential governmental responses to these events, continue to create significant economic uncertainty. In addition, pursuit of various initiatives announced by the Trump administration may create some degree of volatility in our customers' businesses, regulation of the financial services industry, and the markets in which we operate. The extent to which these pressures and other factors may impact our business, results of operations, asset valuations, financial condition, and customers will depend on future developments, which continue to be highly uncertain and difficult to predict. Material adverse impacts may include all or a combination of valuation impairments on our other intangibles, goodwill, securities available for sale ("AFS"), securities held to maturity ("HTM"), loans, capitalized mortgage loan servicing rights or deferred tax assets.

It is against this backdrop that we discuss our results of operations and financial condition for the third quarter of 2025 as compared to earlier periods.

RESULTS OF OPERATIONS

Summary. We recorded net income of $17.5 million and $13.8 million during the three months ended September 30, 2025 and 2024, respectively. The increase in 2025 third quarter results as compared to 2024 is due primarily to a $3.6 million favorable change in the fair value due to price of capitalized mortgage loan servicing rights and a $3.5 million increase in the net interest income that were partially offset by a $1.5 million increase in non-interest expense.

We recorded net income of $50.0 million and $48.3 million during the nine months ended September 30, 2025 and 2024, respectively. The increase in 2025 year-to-date results as compared to 2024 is primarily due to a $10.3 million increase in net interest income that was partially offset by a $4.0 million increase in non-interest expense, a $2.0 million increase in the provision for credit losses, a $1.8 million decrease in mortgage loan servicing, net and the prior year including a $2.7 million gain on Visa Inc. common stock.

Key performance ratios

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Net income (annualized) to				
Average assets	1.27 %	1.04 %	1.24 %	1.24 %
Average shareholders' equity	14.57 %	12.54 %	14.32 %	15.42 %
Net income per common share				
Basic	$ 0.85	$ 0.66	$ 2.40	$ 2.31
Diluted	0.84	0.65	2.38	2.29

Net interest income. Net interest income is the most important source of our earnings and thus is critical in evaluating our results of operations. Changes in our net interest income are primarily influenced by our level of interest-earning assets and the income or yield that we earn on those assets and the manner and cost of funding our interest-earning assets. Certain macro-economic factors can also influence our net interest income such as the level and direction of interest rates, the difference between short-term and long-term interest rates (the steepness of the yield curve) and the general strength of the economies in which we are doing business. Finally, risk management plays an important role in our level of net interest income. The ineffective management of credit risk and interest-rate risk in particular can adversely impact our net interest income.

Our net interest income totaled $45.4 million during the third quarter of 2025, an increase of $3.5 million, or 8.4% from the year-ago period. This increase primarily reflects a $173.8 million increase in average interest-earning assets and a 17 basis point increase in our tax equivalent net interest income as a percent of average interest-earning assets (the “net interest margin”).

For the first nine months of 2025, net interest income totaled $133.7 million, an increase of $10.3 million, or 8.3% from 2024. This increase primarily reflects a $161.6 million increase in average interest-earning assets and a 19 basis point increase in our net interest margin.

The increase in average interest-earning assets in both the three and nine month periods of 2025 as compared to the same periods in 2024 primarily reflects growth in commercial loans funded from decreases in installment loans and securities available for sale and held to maturity as well as an increase in deposits.

The increases in our net interest margin during the three and nine month periods in 2025 is attributed to 27 basis point decreases in interest expense as a percent of average interest-earning assets ("Cost of Funds") that were only partially offset by 10 basis point and eight basis point decreases, respectfully in interest income as a percent of average interest-earning assets ("Asset Yield") during those same periods. These decreases are primarily attributed to the decreases in the federal funds rate since September of 2024. Our Cost of Funds has been positively impacted by deposit pricing sensitivity to the decreases in interest rates discussed above. Our Asset Yield has been negatively impacted by lower rates on variable rate earning assets. However, this impact has been partially offset by the origination of new fixed rate loans at rates higher than those in our current portfolio, as well as a shift in earning asset mix from generally lower rate investment securities to higher rate loans. See Asset/liability management.

Our net interest income is also impacted by our level of non-accrual loans. In the third quarter and first nine months of 2025, non-accrual loans averaged $10.8 million and $8.4 million, respectively. In the third quarter and first nine months of 2024, non-accrual loans averaged $4.5 million and $4.1 million, respectively. In addition, in the third quarter and first nine months of 2025 we had net recoveries of $0.1 million and $0.3 million, respectively of unpaid interest on loans placed on or taken off non-accrual or on loans previously charged-off compared to net recoveries of $0.1 million and $0.5 million, respectively, during the same periods in 2024.

Average Balances and Tax Equivalent Rates

	Three Months Ended September 30,					
	2025			2024		
	Average Balance	Interest	Rate (2)	Average Balance	Interest	Rate (2)
	(Dollars in thousands)					
Assets						
Taxable loans	$ 4,193,925	$ 61,250	5.81 %	$ 3,901,370	$ 58,322	5.96 %
Tax-exempt loans (1)	7,632	95	4.95	8,584	111	5.14
Taxable securities	573,333	3,660	2.55	665,974	4,502	2.70
Tax-exempt securities (1)	253,029	3,190	5.04	267,776	3,539	5.29
Interest bearing cash	113,660	1,261	4.40	126,039	1,717	5.42
Other investments	18,102	277	6.12	16,099	301	7.48
Interest Earning Assets	5,159,681	69,733	5.38	4,985,842	68,492	5.48
Cash and due from banks	58,099			57,211		
Other assets, net	234,143			232,570		
Total Assets	$ 5,451,923			$ 5,275,623		
Liabilities						
Savings and interest-bearing checking	$ 2,850,176	13,282	1.85	$ 2,763,558	15,621	2.25
Time deposits	930,358	8,690	3.71	804,944	8,841	4.37
Other borrowings	81,490	1,957	9.57	121,182	2,018	6.64
Interest Bearing Liabilities	3,862,024	23,929	2.46	3,689,684	26,480	2.86
Non-interest bearing deposits	1,005,875			1,047,617		
Other liabilities	107,602			100,245		
Shareholders' equity	476,422			438,077		
Total liabilities and shareholders' equity	$ 5,451,923			$ 5,275,623		
Net Interest Income		$ 45,804			$ 42,012	
Net Interest Income as a Percent of Average Interest Earning Assets			3.54 %			3.37 %

(1) Interest on tax-exempt loans and securities available for sale is presented on a fully tax equivalent basis assuming a marginal tax rate of 21%.
(2) Annualized

Average Balances and Tax Equivalent Rates

	Nine Months Ended September 30,					
	2025			2024		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate (2)
	(Dollars in thousands)					
Assets						
Taxable loans	$ 4,123,797	$ 178,407	5.78 %	$ 3,848,092	$ 169,974	5.90 %
Tax-exempt loans (1)	7,141	280	5.25	8,660	335	5.17
Taxable securities	594,769	11,491	2.58	691,327	14,466	2.79
Tax-exempt securities (1)	257,051	9,590	4.97	267,689	10,638	5.30
Interest bearing cash	92,263	3,058	4.43	97,941	3,994	5.45
Other investments	16,731	825	6.57	16,452	904	7.33
Interest Earning Assets	5,091,752	203,651	5.34	4,930,161	200,311	5.42
Cash and due from banks	56,073			54,481		
Other assets, net	237,413			235,026		
Total Assets	$ 5,385,238			$ 5,219,668		
Liabilities						
Savings and interest-bearing checking	$ 2,827,773	38,731	1.83	$ 2,690,359	43,178	2.14
Time deposits	887,385	24,658	3.72	825,984	26,970	4.37
Other borrowings	93,520	5,262	7.51	126,861	6,253	6.58
Interest Bearing Liabilities	3,808,678	68,651	2.41	3,643,204	76,401	2.80
Non-interest bearing deposits	1,001,228			1,053,719		
Other liabilities	108,799			104,057		
Shareholders' equity	466,533			418,688		
Total liabilities and shareholders' equity	$ 5,385,238			$ 5,219,668		
Net Interest Income		$ 135,000			$ 123,910	
Net Interest Income as a Percent of Average Interest Earning Assets			3.54 %			3.35 %

(1) Interest on tax-exempt loans and securities available for sale is presented on a fully tax equivalent basis assuming a marginal tax rate of 21%.
(2) Annualized

Reconciliation of Non-GAAP Financial Measures

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(Dollars in thousands)			
Net Interest Margin, Fully Taxable Equivalent ("FTE")				
Net interest income	$ 45,361	$ 41,854	$ 133,661	$ 123,397
Add: taxable equivalent adjustment	443	158	1,339	513
Net interest income - taxable equivalent	$ 45,804	$ 42,012	$ 135,000	$ 123,910
Net interest margin (GAAP) (1)	3.51 %	3.35 %	3.50 %	3.34 %
Net interest margin (Non-GAAP FTE) (1)	3.54 %	3.37 %	3.54 %	3.35 %

(1) Annualized.

Provision for credit losses. The provision for credit losses was an expense of $1.99 million and an expense of $1.49 million for the three months ended September 30, 2025 and 2024, respectively. During the nine month periods ended September 30, 2025 and 2024, the provision for credit losses was an expense of $4.21 million and an expense of $2.25 million, respectively.

The provision reflects our assessment of the allowance for credit losses (the “ACL”) taking into consideration factors such as loan growth, loan mix, levels of non-performing and classified loans, economic conditions and loan net charge-offs. While we use relevant information to recognize losses on loans, additional provisions for related losses may be necessary based on changes in economic conditions, customer circumstances and other credit risk factors. See “Portfolio Loans and asset quality” for a discussion of the various components of the ACL and their impact on the provision for credit losses in 2025.

The $0.50 million increase in the provision for credit losses expense on loans from the prior year quarter is primarily due to an increase in specific allocations of the ACL on commercial loans including a $13.8 million commercial real estate loan that was put on non-accrual during the quarter as well as an increase in pooled reserves on commercial loans that were partially offset by a two basis point decrease in allocations based on subjective factors. The decrease in the allocation based on subjective factors was due in part to a generally less pessimistic economic outlook including previous expectations of the impact of new tariffs.

The $2.0 million increase in the provision for credit losses expense on loans from the prior year to date period is primarily due to a net increase in specific reserve allocations on commercial loans (see above discussion on commercial specific loans), an increase in net charge-offs in both the retail and commercial loan portfolios and an increase in pooled allocations in the commercial loan portfolio that were partially offset by decreases in pooled and specific allocations in the retail loan portfolio and a decrease in allocations based on subjective factors.

The year to date provision for credit losses on securities HTM in 2025 and 2024 was a credit of $0.040 million and $1.149 million, respectively. The change in provision for credit losses on securities HTM reflects a partial recovery during the first quarter of 2024 of one corporate security (Signature Bank) totaling $1.125 million. See “Securities” below and note #3 to the interim Condensed Consolidated Financial Statements.

Non-interest income. Non-interest income is a significant element in assessing our results of operations. Non-interest income totaled $11.9 million during the third quarter of 2025 compared to $9.5 million in the third quarter of 2024. For the first nine months of 2025, non-interest income totaled $33.7 million compared to $37.2 million for the first nine months of 2024.

The components of non-interest income are as follows:

Non-Interest Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Interchange income	$ 4,157	$ 4,146	$ 10,674	$ 10,698
Service charges on deposit accounts	3,131	3,085	8,926	8,894
Net gains (losses) on assets				
Mortgage loans	1,474	2,177	5,408	4,874
Equity securities at fair value	—	(8)	—	2,685
Securities available for sale	(36)	(145)	(355)	(414)
Mortgage loan servicing, net	74	(3,130)	(72)	1,686
Investment and insurance commissions	940	882	2,504	2,524
Bank owned life insurance	288	197	881	566
Other	1,909	2,304	5,720	5,728
Total non-interest income	$ 11,937	$ 9,508	$ 33,686	$ 37,241

Mortgage loan activity is summarized as follows:

Mortgage Loan Activity

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(Dollars in thousands)			
Mortgage loans originated	$ 145,561	$ 147,516	$ 401,184	$ 384,112
Mortgage loans sold (1)	101,615	117,037	279,593	289,395
Net gains on mortgage loans (2)	1,474	2,177	5,408	4,874
Net gains as a percent of mortgage loans sold ("Loan Sales Margin")	1.45 %	1.86 %	1.93 %	1.68 %
Fair value adjustments included in the Loan Sales Margin	0.03	0.46	0.32	0.30

(1) Mortgage loan sales in the third quarters of 2025 and 2024 include $4.5 million and $6.6 million, respectively, of portfolio loan transactions. Mortgage loan sales during the first nine months of 2025 and 2024 include $19.9 million and $14.7 million, respectively, of portfolio loan transactions. These transactions were performed for interest rate risk purposes.

(2) Net gains on mortgage loans in the third quarters of 2025 and 2024 include net gains of $0.07 million and $0.12 million, respectively, from portfolio loan transactions. Net gains during the first nine months of 2025 and 2024 were $0.4 million and $0.3 million, respectively.

Mortgage loans originated and sold in both the quarter and year to date periods ending September 30, were relatively unchanged in 2025 as compared to 2024. These results reflect ongoing sales efforts by our mortgage lending team.

The volume of loans sold is dependent upon our ability to originate mortgage loans as well as the demand for fixed-rate obligations and other loans that we choose to not put into portfolio because of our established interest-rate risk parameters. (See "Portfolio Loans and asset quality.") Net gains on mortgage loans are also dependent upon economic and competitive factors as well as our ability to effectively manage exposure to changes in interest rates and thus can often be a volatile part of our overall revenues.

Net gains on mortgage loans totaled $1.5 million and $2.2 million during the third quarters of 2025 and 2024, respectively and $5.4 million and $4.9 million during the first nine months of 2025 and 2024, respectively. The decrease from the prior year three month period is attributed to a combination of a lower Loan Sales Margin (due to lower fair value adjustments) and a decrease in the volume of loans sold while the increase during the year to date period is attributed to an increase in the loan sales margin.

Our Loan Sales Margin is impacted by several factors including competition and the manner in which the loan is sold. Net gains on mortgage loans are also impacted by recording fair value accounting adjustments. Excluding these fair value accounting adjustments, the Loan Sales Margin would have been 1.42% and 1.40% in the third quarters of 2025 and 2024, respectively, and would have been 1.61% and 1.38% in the first nine months of 2025 and 2024, respectively. The increase in the Loan Sales Margin (excluding fair value adjustments) during the first nine months of 2025 was generally due in part to higher primary-to-secondary market pricing spreads relative to the same period last year. The contraction of the Loan Sales Margin during the third quarter of 2025 was due in part to certain loan marketing specials during the third quarter of 2025.

Gain on equity securities at fair value totaled zero and $2.7 million during the first nine months of 2025 and 2024, respectively. The gain in 2024 was the consequence of the exchange of our shares of Visa Class B-1 common stock on May 6, 2024 into a combination of Visa Class C common stock and Visa Class B-2 common stock. With the completion of this exchange, we were able to record the fair value of the Visa Class C common stock through income (as it was convertible into publicly traded Visa Class A common stock) while the Visa Class B-2 common stock continues to be carried at zero. See note #13 to the interim Condensed Consolidated Financial Statements.

We recorded a net loss of $0.36 million and $0.41 million on the sale of securities AFS for the first nine months of 2025 and 2024, respectively. We recorded no credit related charges in either 2025 or 2024 on securities AFS. See "Securities" below and note #3 to the interim Condensed Consolidated Financial Statements.

Mortgage loan servicing, net, generated income (expense) of $0.1 million and $(3.1) million in the third quarters of 2025 and 2024, respectively. For the first nine months of 2025 and 2024, mortgage loan servicing, net, generated income (expense) of $(0.1) million and $1.7 million, respectively. The significant variances in mortgage loan servicing, net are primarily due to changes in the fair value of capitalized mortgage loan servicing rights associated with changes in interest rates and the associated expected future prepayment levels and expected float rates as well as a decline in servicing revenue. The decline in revenue, net in the table below is attributed to the sale of approximately $931 million of mortgage servicing rights on January 31, 2025.

Mortgage loan servicing, net activity is summarized in the following table:

Mortgage Servicing Revenue

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Mortgage loan servicing, net:	(In thousands)			
Revenue, net	$ 1,614	$ 2,248	$ 5,145	$ 6,681
Fair value change due to price	(576)	(4,155)	(2,328)	(1,979)
Fair value change due to pay-downs	(903)	(1,223)	(2,656)	(3,016)
Loss on sale of originated servicing rights	(61)	—	(233)	—
Total	$ 74	$ (3,130)	$ (72)	$ 1,686

Activity related to capitalized mortgage loan servicing rights is as follows:

Capitalized Mortgage Loan Servicing Rights

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Balance at beginning of period	$ 32,053	$ 44,406	$ 46,796	$ 42,243
Originated servicing rights capitalized	948	1,176	2,766	2,956
Change in fair value	(1,479)	(5,378)	(4,984)	(4,995)
Sale of originated servicing rights (1)	61	—	(12,823)	—
Loss on sale of originated servicing rights (1)	(61)	—	(233)	—
Balance at end of period	$ 31,522	$ 40,204	$ 31,522	$ 40,204

(1) On January 31, 2025 we sold $931.6 million of mortgage loan servicing rights (26.3% of total servicing portfolio) and transferred the servicing on March 3, 2025. This sale represented approximately $13.1 million (27.9%) of the total capitalized mortgage loan servicing right asset. While there remains a customary hold back of final settlement funds of approximately $0.6 million relating to this transaction, we are not aware of any issues that will have a material impact on this final payment. We have until the first quarter, 2026 to receive this final payment. Transaction expenses relating to this sale were approximately $0.2 million and was expensed during the first quarter of 2025.

At September 30, 2025 we were servicing approximately $2.62 billion in mortgage loans for others on which servicing rights have been capitalized. This servicing portfolio had a weighted average coupon rate of 4.49% and a weighted average service fee of approximately 25.6 basis points. Capitalized mortgage loan servicing rights at September 30, 2025 totaled $31.5 million, representing approximately 120.3 basis points on the related amount of mortgage loans serviced for others.

As summarized in the table above, the decrease in capitalized mortgage loan servicing rights during the first nine months of 2025 is primarily attributed to the originated mortgage loan servicing rights sale. This transaction was executed in part to reduce the amount of exposure the bank had to rate variances that may impact the mortgage servicing right asset valuation in future periods. With this sale, it is expected mortgage loan servicing, net will decrease commensurate with the amount of servicing sold relative to the same periods in 2024. While the magnitude of fair value adjustments would also be expected to decrease, those adjustments are dependent upon factors that are harder to predict.

Bank owned life insurance increased by $0.1 million and $0.3 million in the third quarter and first nine months of 2025, respectively compared to the same prior year periods due to an increase in crediting rate.

Other income in the table above decreased by $0.4 million in the third quarter of 2025, as compared to the same prior year period due to lower commercial loan swap fees.

Non-interest expense. Non-interest expense is an important component of our results of operations. We strive to efficiently manage our cost structure.

Non-interest expense increased by $1.5 million to $34.1 million and increased by $4.0 million to $102.2 million during the three- and nine-month periods ended September 30, 2025, respectively, compared to the same periods in 2024.

The components of non-interest expense are as follows:

Non-Interest Expense

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Compensation	$ 13,916	$ 13,264	$ 40,723	$ 39,931
Performance-based compensation	2,900	3,426	9,979	10,787
Payroll taxes and employee benefits	4,309	3,358	11,929	11,351
Compensation and employee benefits	21,125	20,048	62,631	62,069
Data processing	3,784	3,379	11,360	9,891
Occupancy, net	2,127	1,893	6,396	5,853
Interchange expense	1,180	1,149	3,476	3,373
Furniture, fixtures and equipment	892	932	2,570	2,834
Advertising	526	581	2,220	1,860
Loan and collection	618	657	2,148	1,868
FDIC deposit insurance	615	664	1,963	2,141
Legal and professional	682	687	1,661	1,717
Communications	465	519	1,526	1,633
Taxes, licenses and fees	335	347	951	891
Director fees	265	235	773	709
Amortization of intangible assets	121	129	365	387
Provision (recovery) for loss reimbursement on sold loans	(5)	24	(22)	26
Net gains (losses) on other real estate and repossessed assets	39	14	(77)	(170)
Other	1,362	1,325	4,214	3,027
Total non-interest expense	$ 34,131	$ 32,583	$ 102,155	$ 98,109

Compensation and employee benefits expenses, in total, increased $1.1 million on a quarterly comparative basis and increased $0.6 million for the first nine months of 2025 compared to the same periods in 2024.

Compensation expense increased by $0.7 million and $0.8 million in the third quarter and first nine months of 2025, respectively, compared to the same periods in 2024. These comparative increases in 2025 were primarily due to salary increases that were predominantly effective on January 1, 2025, that were partially offset by deferred loan origination costs due in part to higher commercial loan volume and higher per loan costs as well as a decrease in mortgage lending and other retail personnel.

Performance-based compensation decreased by $0.5 million and $0.8 million in the third quarter and first nine months of 2025, respectively, compared to the same periods in 2024. The decrease is due in part to lower expected incentive compensation payout for salaried and hourly employees.

Payroll taxes and employee benefits increased by $1.0 million and $0.6 million in the third quarter and first nine months of 2025, respectively, compared to the same periods in 2024, due primarily to increases in employee medical insurance costs and retirement costs.

Data processing expense increased by $0.4 million and $1.5 million in the third quarter and first nine months of 2025, respectively, compared to the same prior year periods due in part to core data processor annual asset growth and CPI related cost increases as well as new solutions implemented during this time frame.

Occupancy, net increased by $0.2 million and $0.5 million in the third quarter and first nine months of 2025, respectively, compared to the same prior year periods due in part to higher snow removal costs, utility costs and higher depreciation expense due to a new location.

Other expense increased by $1.2 million in the first nine months of 2025, due primarily to costs related to the capitalized mortgage loan servicing right sale (nine month period - see “Non-interest income” above), higher fraud related losses, real estate property write down, higher travel and expense costs and higher Michigan Corporate Income Tax (due to an increase in taxable base).

Income tax expense. We recorded an income tax expense of $3.7 million and $11.0 million in the third quarter and the first nine months of 2025, respectively. This compares to an income tax expense of $3.5 million and $11.9 million in the third quarter and the first nine months of 2024, respectively. The changes in expense for the first nine months of 2025 compared to the same period in 2024 is primarily due to changes in pretax income that was partially offset by an increase in non-taxable income and certain low income housing and solar tax credits.

Our actual income tax expense is different than the amount computed by applying our statutory income tax rate to our income before income tax primarily due to tax-exempt interest income, tax-exempt income from the increase in the cash surrender value on life insurance, differences in the value of stock awards that vest and stock options that are exercised as compared to the initial fair values that were expensed and certain low income housing and solar tax credits.

We assess whether a valuation allowance should be established against our deferred tax assets based on the consideration of all available evidence using a “more likely than not” standard. The ultimate realization of this asset is primarily based on generating future income. We concluded at September 30, 2025 and 2024 and at December 31, 2024, that the realization of substantially all of our deferred tax assets continues to be more likely than not.

FINANCIAL CONDITION

Summary. Our total assets increased by $155.0 million during the first nine months of 2025. Loans, excluding loans held for sale, were $4.20 billion at September 30, 2025, compared to $4.04 billion at December 31, 2024. Commercial loans and mortgage loans increased while installment loans decreased during the first nine months of 2025. (See “Portfolio Loans and asset quality.”) Securities available for sale and securities held to maturity together totaled $824.0 million at September 30, 2025, a decline of $74.6 million since December 31, 2024.

Deposits totaled $4.86 billion at September 30, 2025, an increase of $205.1 million from December 31, 2024. The increase in deposits from December 31, 2024, is due to increases in savings and interest-bearing checking, reciprocal, time and brokered time deposits that were partially offset by a decrease in non-interest bearing deposits.

Securities. We maintain diversified securities portfolios, which include obligations of U.S. government-sponsored agencies, securities issued by states and political subdivisions, residential and commercial mortgage-backed securities, asset-backed securities, corporate securities, trust preferred securities and foreign government securities (that are denominated in U.S. dollars). We regularly evaluate asset/liability management needs and attempt to maintain a portfolio structure that provides sufficient liquidity and cash flow.

We believe that the unrealized losses on securities AFS are temporary in nature and are expected to be recovered within a reasonable time period. Based upon our liquidity and capital resources (as explained in more detail below under "Liquidity and capital resources"), we believe that we have the ability to hold securities with unrealized losses to maturity or until such time as the unrealized losses reverse. (See “Asset/liability management.”)

On April 1, 2022, we transferred certain securities AFS with an amortized cost and unrealized loss at the date of transfer of $418.1 million and $26.5 million, respectively to securities HTM. The transfer was made at fair value, with the unrealized loss becoming part of the purchase discount which will be accreted over the remaining life of the securities. The other comprehensive loss component is separated from the remaining available for sale securities and is accreted over the remaining life of the securities transferred. Based upon our liquidity and capital resources (as explained in more detail below under "Liquidity and capital resources"), we believe that we have the ability and intent to hold these securities until they mature, at which time we expect to receive full value for these securities.

Securities Available for Sale

Securities available for sale	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(In thousands)			
September 30, 2025	$ 556,662	$ 415	$ 54,494	$ 502,583
December 31, 2024	621,588	343	62,749	559,182

Securities Held to Maturity

	Carrying Value	Transferred Unrealized Loss (1)	ACL	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(In thousands)						
Securities held to maturity							
September 30, 2025	$ 321,450	$ 13,766	$ 92	$ 335,308	$ 43	$ 42,109	$ 293,242
December 31, 2024	339,436	16,171	132	355,739	28	53,907	301,860

(1) Represents the remaining unrealized loss to be accreted on securities that were transferred from AFS to HTM on April 1, 2022.

Securities AFS in unrealized loss positions are evaluated quarterly for impairment related to credit losses. For securities AFS in an unrealized loss position, we first assess whether we intend to sell, or it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For securities AFS that do not meet this criteria, we evaluate whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, we consider the extent to which fair value is less than amortized cost, adverse conditions specifically related to the security and the issuer and the impact of changes in market interest rates on the market value of the security, among other factors. If this assessment indicates that a credit loss exists, we compare the present value of cash flows expected to be collected from the security with the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis for the security, a credit loss exists and an ACL is recorded, limited to the amount that the fair value of the security is less than its amortized cost basis. Any impairment that has not been recorded through an ACL is recognized in other comprehensive income, net of applicable taxes. No ACL for securities AFS was needed at September 30, 2025. The decrease in unrealized losses during the third quarter and first nine months of 2025 is primarily attributed to a decrease in interest rates since December 31, 2024. See note #3 to the interim Condensed Consolidated Financial Statements included within this report for further discussion.

For securities HTM an ACL is maintained at a level which represents our best estimate of expected credit losses. This ACL is a contra asset valuation account that is deducted from the carrying amount of securities HTM to present the net amount expected to be collected. Securities HTM are charged off against the ACL when deemed uncollectible. Adjustments to the ACL are reported in our interim Condensed Consolidated Statements of Operations in provision for credit loss. We measure expected credit losses on securities HTM on a collective basis by major security type with each type sharing similar risk characteristics. With regard to U.S. Government-sponsored agency and mortgage-backed securities (residential and commercial), all these securities are issued by a U.S. government-sponsored entity and have an implicit or explicit government guarantee; therefore, no allowance for credit losses has been recorded for these securities. With regard to obligations of states and political subdivisions, private label-mortgage-backed, corporate and trust preferred securities HTM, we consider (1) issuer bond ratings, (2) long-term historical loss rates for given bond ratings, (3) the financial condition of the issuer, and (4) whether issuers continue to make timely principal and interest payments under the contractual terms of the securities. During the first quarter of 2023, one corporate security (Signature Bank) defaulted resulting in a full charge-off. Subsequent to this security's charge-off, a portion of its fair value had recovered and was subsequently sold during the first quarter of 2024 for $1.1 million during which period we recorded that amount as a recovery to the ACL. See note #3 to the interim Condensed Consolidated Financial Statements included within this report for further discussion.

Sales of securities available for sale were as follows (See "Non-interest income."):

Sales of Securities Available for Sale

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(in thousands)		(In thousands)	
Proceeds	$ 4,225	$ 2,158	$ 30,581	$ 39,431
Gross gains	—	—	37	14
Gross losses	36	145	392	428
Net losses	$ (36)	$ (145)	$ (355)	$ (414)

Equity Securities at Fair Value

On May 6, 2024, we exchanged 12,566 shares of Visa Inc. Class B-1 common stock (all of the Class B-1 shares we owned) for 2,493 shares of Visa Inc. Class C common stock and 6,283 shares of Visa Inc. Class B-2 common stock pursuant to an exchange offer conducted by Visa. With the completion of the exchange, we recorded a gain related to the Class C shares of $2.7 million based on the conversion privilege of those shares and the closing price of the Class A shares on May 3, 2024 (the exchange expiration date) of $268.49 per share. Subsequent to the exchange, we sold all of our Class C shares. See note #13 to the interim Condensed Consolidated Financial Statements included within this report for further discussion.

Portfolio Loans and asset quality. In addition to the communities served by our Bank branch and loan production office network, our principal lending markets also include nearby communities and metropolitan areas. Subject to established underwriting criteria, we also may participate in commercial lending transactions with certain non-affiliated banks and make whole loan purchases from other financial institutions.

The senior management and board of directors of our Bank retain authority and responsibility for credit decisions and we have adopted uniform underwriting standards. Our loan committee structure and the loan review process attempt to provide requisite controls and promote compliance with such established underwriting standards. However, there can be no assurance that our lending procedures and the use of uniform underwriting standards will prevent us from incurring significant credit losses in our lending activities.

We generally retain loans that may be profitably funded within established risk parameters. (See "Asset/liability management.") As a result, we may hold adjustable-rate conventional and fixed rate jumbo mortgage loans as Portfolio Loans, while 15- and 30-year fixed-rate non-jumbo mortgage loans are generally sold to mitigate exposure to changes in interest rates. (See "Non-interest income and "Asset/liability management.").

A summary of our Portfolio Loans follows:

	September 30, 2025	December 31, 2024
	(In thousands)	
Real estate(1)		
Residential first mortgages	$ 1,294,990	$ 1,284,322
Residential home equity and other junior mortgages	205,530	179,857
Construction and land development	252,955	322,092
Other(2)	1,323,789	1,126,720
Consumer	551,747	579,345
Commercial	565,934	542,742
Agricultural	3,338	3,747
Total loans	$ 4,198,283	$ 4,038,825

(1) Includes both residential and non-residential commercial loans secured by real estate.
(2) Includes loans secured by multi-family residential and non-farm, non-residential property.

Non-performing assets

	September 30, 2025	December 31, 2024
	(Dollars in thousands)	
Non-accrual loans	$ 22,598	$ 7,792
Loans 90 days or more past due and still accruing interest	—	—
Subtotal	22,598	7,792
Less: Government guaranteed loans	2,243	1,790
Total non-performing loans	20,355	6,002
Other real estate and repossessed assets	589	938
Total non-performing assets	$ 20,944	$ 6,940
As a percent of Portfolio Loans		
Non-performing loans	0.48 %	0.15 %
Allowance for credit losses	1.49	1.47
Non-performing assets to total assets	0.38	0.13
Allowance for credit losses as a percent of non-performing loans	306.85 %	989.32 %

Non-performing loans have increased as a percent of Portfolio Loans since year-end 2024, primarily due to the addition of one commercial real estate loan during the third quarter of 2025. See note #4.

Other real estate and repossessed assets totaled $0.59 million and $0.94 million at September 30, 2025, and December 31, 2024, respectively.

We will place a loan that is 90 days or more past due on non-accrual, unless we believe the loan is both well secured and in the process of collection. Accordingly, we have determined that the collection of the accrued and unpaid interest on any loans that are 90 days or more past due and still accruing interest is probable.

The following tables reflect activity in our ACL on loans, securities and unfunded lending commitments as well as the allocation of our ACL on loans.

Allowance for credit losses on loans and unfunded lending commitments

	Nine months ended September 30,					
	2025			2024		
	Loans	Securities	Unfunded Commitments	Loans	Securities	Unfunded Commitments
	(Dollars in thousands)					
Balance at beginning of period	$ 59,379	$ 132	$ 5,131	$ 54,658	$ 157	$ 5,504
Additions (deductions)						
Provision for credit losses	4,252	(40)	—	3,400	(1,149)	—
Recoveries credited to allowance	1,604	—	—	2,106	1,125	—
Assets charged against the allowance	(2,776)	—	—	(2,720)	—	—
Recoveries included in non-interest expense	—	—	(190)	—	—	(676)
Balance at end of period	$ 62,459	$ 92	$ 4,941	$ 57,444	$ 133	$ 4,828
Net loans charged against the allowance to average Portfolio Loans	0.04 %			0.02 %		

Allocation of the Allowance for Credit Losses on Loans

	September 30, 2025	December 31, 2024
	(Dollars in thousands)	
Specific allocations	$ 5,661	$ 2,300
Pooled analysis allocations	46,092	45,929
Additional allocations based on subjective factors	10,706	11,150
Total	$ 62,459	$ 59,379

Some loans will not be repaid in full. Therefore, an ACL on loans is maintained at a level which represents our best estimate of expected credit losses. Our ACL on loans is comprised of three principal elements: (i) specific analysis of individual loans identified during the review of the loan portfolio, (ii) pooled analysis of loans with similar risk characteristics based on historical experience, adjusted for current conditions, reasonable and supportable forecasts, and expected prepayments, and (iii) additional allowances based on subjective factors, including local and general economic business factors and trends, portfolio concentrations and changes in the size and/or the general terms of the loan portfolios. See note #4 to the interim Condensed Consolidated Financial Statements included within this report for further discussion on the ACL on loans.

While we use relevant information to recognize losses on loans, additional provisions for related losses may be necessary based on changes in economic conditions, customer circumstances and other credit risk factors.

The ACL increased $3.1 million to $62.5 million at September 30, 2025 from $59.4 million at December 31, 2024, and was equal to 1.49% of total Portfolio Loans at September 30, 2025, compared to 1.47% at December 31, 2024.

Since December 31, 2024, the ACL related to specific loans increased $3.4 million due primarily to one commercial loan addition. The ACL related to pooled analysis of loans increased $0.2 million due primarily to commercial loan growth that was only partially offset by a refinement in prepayment assumptions on mortgage loans that included a breakdown between fixed and variable rate loans. The ACL related to subjective factors decreased $0.4 million due primarily to a two basis point decrease in the allocation rate that was partially offset by commercial loan growth during the first nine months of 2025. The decrease in the allocation based on subjective factors was due in part to a generally less pessimistic economic outlook including previous expectations of the impact of new tariffs.

Deposits and borrowings. Historically, the loyalty of our customer base has allowed us to price deposits competitively, contributing to a net interest margin that generally compares favorably to our peers. However, we still face a significant amount of competition for deposits within many of the markets served by our branch network, which limits our ability to materially increase deposits without adversely impacting the weighted-average cost of core deposits.

To attract new core deposits, we have implemented various account acquisition strategies as well as branch staff sales training. Account acquisition initiatives have historically generated increases in customer relationships. Over the past several years, we have also expanded our treasury management products and services for commercial businesses and municipalities or other governmental units and have also increased our sales calling efforts in order to attract additional deposit relationships from these sectors. We view long-term core deposit growth as an important objective. Core deposits generally provide a more stable and lower cost source of funds than alternative sources such as short-term borrowings. (See “Liquidity and capital resources.”)

Deposits totaled $4.86 billion and $4.65 billion at September 30, 2025, and December 31, 2024, respectively. The increase in balances during the first nine months of 2025 is due to increases in savings and interest-bearing checking, reciprocal, time and brokered time deposits that were partially offset by a decrease in non-interest bearing deposits. Reciprocal deposits totaled $981.1 million and $907.0 million at September 30, 2025 and December 31, 2024, respectively. These deposits represent demand, money market and time deposits from our customers that have been placed through IntraFi Network. This service allows our customers to access multi-million dollar FDIC deposit insurance on deposit balances greater than the standard FDIC insurance maximum.

We cannot be sure that we will be able to maintain our current level of core deposits. In particular, those deposits that are uninsured may be susceptible to outflow. Data relating to our deposit portfolios (excluding brokered time) follows:

		September 30, 2025		December 31, 2024
		(Dollars in thousands)		
Uninsured deposits (1)	$	1,139,186	$	1,059,909
Uninsured deposits as a percentage of deposits		24.3 %		23.3 %
Average deposit account size	$	22.20	$	21.14
Balance of top 100 largest depositors	$	1,146,569	$	1,062,255
Balance of top 100 depositors as a percentage of deposits, excluding brokered time deposits		24.5 %		23.4 %

(1) These amounts exclude intercompany related deposits of $48.4 million and $54.8 million at September 30, 2025 and December 31, 2024, respectively. Uninsured deposits reported in our Call Report at September 30, 2025 and December 31, 2024 totaled $1,187.5 million and $1,114.7 million, respectively.

We have also implemented strategies that incorporate using federal funds purchased, other borrowings and Brokered CDs to fund a portion of our interest-earning assets. The use of such alternate sources of funds supplements our core deposits and is also an integral part of our asset/liability management efforts.

Other borrowings, comprised primarily of FHLB borrowings, totaled $2.0 million and $45.0 million at September 30, 2025, and December 31, 2024, respectively.

As described above, we have utilized wholesale funding, including federal funds purchased, FHLB and FRB borrowings and Brokered CDs to augment our core deposits and fund a portion of our assets. At September 30, 2025, our use of such wholesale funding sources (including reciprocal deposits) amounted to approximately $1.16 billion, or 23.8% of total funding (deposits and all borrowings, excluding subordinated debt and debentures). Because wholesale funding sources are affected by general market conditions, the availability of such funding may be dependent on the confidence these sources have in our financial condition and operations. The continued availability to us of these funding sources is not certain, and Brokered CDs may be difficult for us to retain or replace at attractive rates as they mature. Our liquidity may be constrained if we are unable to renew our wholesale funding sources or if adequate financing is not available in the future at acceptable rates of interest or at all. Our financial performance could also be affected if we are unable to maintain our access to funding sources or if we are required to rely more heavily on more expensive funding sources. In such case, our net interest income and results of operations could be adversely affected.

We historically employed derivative financial instruments to manage our exposure to changes in interest rates. During the first nine months of 2025 and 2024, we entered into $117.9 million and $136.0 million (aggregate notional amounts), respectively, of interest rate swaps with commercial loan customers, which were offset with interest rate swaps that the Bank entered into with a broker-dealer. We recorded $1.39 million and $1.52 million of fee income related to these transactions during the first nine months of 2025 and 2024, respectively. See note #6 to the interim Condensed Consolidated Financial Statements included within this report for more information on our derivative financial instruments.

Liquidity and capital resources. Liquidity risk is the risk of being unable to timely meet obligations as they come due at a reasonable funding cost or without incurring unacceptable losses. Our liquidity management involves the measurement and monitoring of a variety of sources and uses of funds. Our interim Condensed Consolidated Statements of Cash Flows categorize these sources and uses into operating, investing and financing activities. We primarily focus our liquidity management on maintaining adequate levels of liquid assets (primarily funds on deposit with the FRB and certain securities AFS) as well as developing access to a variety of borrowing sources to supplement our deposit gathering activities and provide funds for purchasing securities or originating Portfolio Loans as well as to be able to respond to unforeseen liquidity needs.

Our primary sources of funds include our deposit base, secured advances from the FHLB and FRB, federal funds purchased, borrowing facilities with other banks, and access to the capital markets (for Brokered CDs). At September 30, 2025, in addition to liquidity available from our normal operating, funding and investing activities we had unused credit lines with the FHLB and FRB of approximately $1.152 billion and $468.8 million, respectively. We also had approximately $465.9 million in fair value of unpledged securities AFS and HTM at September 30, 2025, which could be pledged for an estimated additional borrowing capacity at the FHLB and FRB of approximately $437.3 million.

At September 30, 2025, we had $946.2 million of time deposits that mature in the next 12 months. Historically, a majority of these maturing time deposits are renewed by our customers. Additionally, $3.91 billion of our deposits at September 30, 2025, were in account types from which the customer could withdraw the funds on demand. Changes in the balances of deposits that can be withdrawn upon demand are usually predictable and the total balances of these accounts have generally grown or have been stable over time as a result of our marketing and promotional activities. However, there can be no assurance that historical patterns of renewing time deposits or overall growth or stability in deposits will continue in the future.

We have developed contingency funding plans that stress test our liquidity needs that may arise from certain events such as an adverse change in our financial metrics (for example, credit quality or regulatory capital ratios). Our liquidity management also includes periodic monitoring that measures quick assets (defined generally as highly liquid or short-term assets) to total assets, short-term liability dependence and basic surplus (defined as quick assets less volatile liabilities to total assets). Policy limits have been established for our various liquidity measurements and are monitored on a quarterly basis. In addition, we also prepare cash flow forecasts that include a variety of different scenarios.

We believe that we currently have adequate liquidity at our Bank because of our cash and cash equivalents, our portfolio of securities AFS, our access to secured advances from the FHLB and FRB and our ability to issue Brokered CDs.

We also believe that the available cash on hand at the parent company (including time deposits) of approximately $48.2 million as of September 30, 2025, provides sufficient liquidity resources at the parent company to meet operating expenses, to make interest payments on the subordinated debentures and, along with dividends from the Bank, to pay projected cash dividends on our common stock.

Effective management of capital resources is critical to our mission to create value for our shareholders. In addition to common stock, our capital structure also currently includes cumulative trust preferred securities and prior to the end of the third quarter of 2025, also included subordinated debt.

Capitalization

	September 30, 2025	December 31, 2024
	(In thousands)	
Subordinated debt	$ —	$ 39,586
Subordinated debentures	39,847	39,796
Amount not qualifying as regulatory capital	(1,224)	(810)
Amount qualifying as regulatory capital	38,623	78,572
Shareholders’ equity		
Common stock	311,770	318,777
Retained earnings	239,602	205,853
Accumulated other comprehensive loss	(60,630)	(69,944)
Total shareholders’ equity	490,742	454,686
Total capitalization	$ 529,365	$ 533,258

In May 2020, we issued $40.0 million of fixed to floating subordinated notes with a ten year maturity and a five year call option. The initial coupon rate was 5.95% fixed for five years and then floated at the Secured Overnight Financing Rate (“SOFR”) plus 5.825% beginning May 31, 2025. These subordinated notes were presented in the interim Condensed Consolidated Statement of Financial Condition under the caption “Subordinated debt” and presented net of remaining unamortized deferred issuance costs that were being amortized through the maturity date into interest expense on other borrowings and subordinated debt and debentures in our interim Condensed Consolidated Statements of Operations. On September 2, 2025 we redeemed our $40 million floating subordinated notes. As a result, we accelerated the remaining unamortized net issuance costs of $0.36 million during the third quarter of 2025 into interest expense as described above. This redemption did not affect our status as well-capitalized for regulatory purposes or have a material impact on our liquidity resources.

We currently have four special purpose entities with $39.8 million of outstanding cumulative trust preferred securities as of September 30, 2025. These special purpose entities issued common securities and provided cash to our parent company that in turn issued subordinated debentures to these special purpose entities equal to the trust preferred securities and common securities. The subordinated debentures represent the sole asset of the special purpose entities. The common securities and subordinated debentures are included in our interim Condensed Consolidated Statements of Financial Condition.

The FRB has issued rules regarding trust preferred securities as a component of the Tier 1 capital of bank holding companies. The aggregate amount of trust preferred securities (and certain other capital elements) are limited to 25 percent of Tier 1 capital elements, net of goodwill (net of any associated deferred tax liability). The amount of trust preferred securities and certain other elements in excess of the limit can be included in Tier 2 capital, subject to restrictions. At the parent company, all of these securities qualified as Tier 1 capital at September 30, 2025, and December 31, 2024.

Common shareholders' equity increased to $490.7 million at September 30, 2025, from $454.7 million at December 31, 2024. The increase is primarily due to earnings retention and a decrease in accumulated other comprehensive loss. Our tangible common equity ("TCE") totaled $461.3 million and $424.9 million, respectively, at those same dates. Our ratio of TCE to tangible assets was 8.44% and 8.00% at September 30, 2025, and December 31, 2024, respectively. TCE and the ratio of TCE to tangible assets are non-GAAP measures. TCE represents total common equity less goodwill and other intangible assets.

In December 2024, our Board of Directors authorized a 2025 share repurchase plan. Under the terms of the 2025 share repurchase plan, we are authorized to buy back up to 1,100,000, or approximately 5% of our outstanding common stock. During the first nine months of 2025, we repurchased 266,008 shares of common stock, for an aggregate purchase price of $7.8 million. There were no shares repurchased during the first nine months of 2024.

We currently pay a quarterly cash dividend on our common stock. These dividends totaled $0.78 per share and $0.72 per share in the first nine months of 2025 and 2024, respectively. We generally favor a dividend payout ratio between 30% and 50% of net income.

As of September 30, 2025 and December 31, 2024, our Bank (and holding company) continued to meet the requirements to be considered "well-capitalized" under federal regulatory standards (also see note #10 to the interim Condensed Consolidated Financial Statements included within this report).

Asset/liability management. Interest-rate risk is created by differences in the cash flow characteristics of our assets and liabilities. Options embedded in certain financial instruments, including caps on adjustable-rate loans as well as borrowers' rights to prepay fixed-rate loans, also create interest-rate risk.

Our asset/liability management efforts identify and evaluate opportunities to structure our assets and liabilities in a manner that is consistent with our mission to maintain profitable financial leverage within established risk parameters. We evaluate various opportunities and alternate asset/liability management strategies carefully and consider the likely impact on our risk profile as well as the anticipated contribution to earnings. The marginal cost of funds is a principal consideration in the implementation of our asset/liability management strategies, but such evaluations further consider interest-rate and liquidity risk as well as other pertinent factors. We have established parameters for interest-rate risk. We regularly monitor our interest-rate risk and report at least quarterly to our board of directors.

We employ simulation analyses to monitor our interest-rate risk profile and evaluate potential changes in our net interest income and market value of portfolio equity that result from changes in interest rates. The purpose of these simulations is to identify sources of interest-rate risk. The simulations do not anticipate any actions that we might initiate in response to changes in interest rates and, accordingly, the simulations do not provide a reliable forecast of anticipated results. The simulations are predicated on immediate, permanent and parallel shifts in interest rates and generally assume that current loan and deposit pricing relationships remain constant. The simulations further incorporate assumptions relating to changes in customer behavior, including changes in prepayment rates on certain assets and liabilities. At September 30, 2025, our longer term interest rate risk measure based on changes in economic value indicates exposure to rising rates. Interest rate sensitivity under this measure has decreased from December 31, 2024 due to a decline in asset duration and a higher base value. Asset duration declined due to a shift in the asset mix to shorter duration loans (primarily variable rate commercial loans). In addition, at September 30, 2025 our simulation base-rate scenario for economic value increased from December 31, 2024. The increase was due primarily to an increase in the Bank's tangible equity and an improvement in medium to long duration asset values given a decline in interest rates. The increase in asset values outpaced the increase in market value for longer duration deposits. We are carefully monitoring the change in our funding mix as well as the composition of our earning assets and the impact of potential future changes in interest rates on our changes in economic value and changes in net interest income. As a result, we may add some longer-term borrowings, may utilize derivatives (interest rate swaps, interest rate caps and interest rate floors) and may continue to sell some fixed rate jumbo and other portfolio mortgage loans in the future.

CHANGES IN ECONOMIC VALUE, NET INTEREST INCOME AND NET INTEREST MARGIN

Change in Interest Rates	Economic Value(1)	Percent Change	Net Interest Income(2)	Percent Change	Net Interest Margin(3)	Percent Change
	(Dollars in thousands)					
September 30, 2025						
200 basis point rise	$ 676,500	(5.31)%	$ 198,000	2.86 %	3.79 %	2.99 %
100 basis point rise	697,300	(2.39)	195,600	1.61	3.74	1.63
Base-rate scenario	714,400	—	192,500	—	3.68	—
100 basis point decline	719,200	0.67	190,300	(1.14)	3.64	(1.09)
200 basis point decline	706,300	(1.13)	188,100	(2.29)	3.60	(2.17)
December 31, 2024						
200 basis point rise	$ 566,000	(9.76)%	$ 185,500	1.64 %	3.65 %	1.67 %
100 basis point rise	598,600	(4.56)	184,400	1.04	3.63	1.11
Base-rate scenario	627,200	—	182,500	—	3.59	—
100 basis point decline	650,000	3.64	181,800	(0.38)	3.58	(0.28)
200 basis point decline	661,300	5.44	181,600	(0.49)	3.58	(0.28)

(1) Simulation analyses calculate the change in the net present value of our assets and liabilities, including debt and related financial derivative instruments, under parallel shifts in interest rates by discounting the estimated future cash flows using a market-based discount rate. Cash flow estimates incorporate anticipated changes in prepayment speeds and other embedded options.
(2) Simulation analyses calculate the change in net interest income under immediate parallel shifts in interest rates over the next twelve months, based upon a static interim Condensed Consolidated Statement of Financial Condition, which includes debt and related financial derivative instruments, and do not consider loan fees or loan origination costs.
(3) Simulation analyses calculate the change in tax equivalent net interest income as a percent of average interest-earning assets (the "net interest margin") under immediate parallel shifts in interest rates over the next twelve months, based upon a static interim Condensed Consolidated Statement of Financial Condition, which includes debt and related financial derivative instruments, and do not consider loan fees or loan origination costs.

Litigation Matters

The aggregate amount we have accrued for losses we consider probable as a result of litigation matters is not material. However, because of the inherent uncertainty of outcomes from any litigation matter, we believe it is reasonably possible we may incur losses in addition to the amounts we have accrued. At this time, we estimate the maximum amount of additional losses that are reasonably possible is insignificant. However, because of a number of factors, including the fact that certain of these litigation matters are still in their early stages, this maximum amount may change in the future.

The litigation matters described in the preceding paragraph primarily include claims that have been brought against us for damages, but do not include litigation matters where we seek to collect amounts owed to us by third parties (such as litigation initiated to collect delinquent loans). These excluded, collection-related matters may involve claims or counterclaims by the opposing party or parties, but we have excluded such matters from the disclosure contained in the preceding paragraph in all cases where we believe the possibility of us paying damages to any opposing party is remote.

Accounting standards update. See note #2 to the interim Condensed Consolidated Financial Statements included elsewhere in this report for details on recently issued accounting pronouncements and their impact on our interim condensed consolidated financial statements.

Fair valuation of financial instruments. Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820 - "Fair Value Measurements and Disclosures" ("FASB ASC Topic 820") defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

We utilize fair value measurements to record fair value adjustments to certain financial instruments and to determine fair value disclosures. FASB ASC Topic 820 differentiates between those assets and liabilities required to be carried at fair value at every reporting period ("recurring") and those assets and liabilities that are only required to be adjusted to fair value under certain circumstances ("nonrecurring"). Equity securities at fair value, securities AFS, loans held for sale, carried at fair value, derivatives and capitalized mortgage loan servicing rights are financial instruments recorded at fair value on a recurring basis. Additionally, from time to time, we may be required to record at fair value other financial assets on a nonrecurring basis, such as loans held for investment and certain other assets. These nonrecurring fair value adjustments typically involve application of lower of cost or fair value accounting or write-downs of individual assets. See note #11 to the interim Condensed Consolidated Financial Statements included within this report for a complete discussion on our use of fair valuation of financial instruments and the related measurement techniques.

Critical Accounting Policies

Our accounting and reporting policies are in accordance with accounting principles generally accepted in the United States of America and conform to general practices within the banking industry. Accounting and reporting policies for the ACL and capitalized mortgage loan servicing rights are deemed critical since they involve the use of estimates and require significant management judgments. Application of assumptions different than those that we have used could result in material changes in our consolidated financial position or results of operations. There have been no material changes to our critical accounting policies as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024.

Item 3.

Quantitative and Qualitative Disclosures about Market Risk

See applicable disclosures set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 2 under the caption "Asset/liability management."

Item 4.

Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.

With the participation of management, our chief executive officer and chief financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a – 15(e) and 15d – 15(e)) for the period ended September 30, 2025, have concluded that, as of such date, our disclosure controls and procedures were effective.

(b) Changes in Internal Controls.

During the quarter ended September 30, 2025, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Company maintains a Deferred Compensation and Stock Purchase Plan for Non-Employee Directors (the "Plan") pursuant to which non-employee directors can elect to receive shares of the Company's common stock in lieu of fees otherwise payable to the director for his or her service as a director. A director can elect to receive shares on a current basis or to defer receipt of the shares, in which case the shares are issued to a trust to be held for the account of the director and then generally distributed to the director after his or her retirement from the Board. Pursuant to this Plan, during the third quarter of 2025, the Company issued 332 shares of common stock to non-employee directors on a current basis and 1,765 shares of common stock to the trust for distribution to directors on a deferred basis. These shares were issued on July 1, 2025 representing aggregate fees of $0.06 million. The shares on a current basis were issued at a price of $32.41 per share and the shares on a deferred basis were issued at a price of $29.17 per share, representing 90% of the fair value of the shares on the credit date. The price per share was the consolidated closing bid price per share of the Company's common stock as of the date of issuance, as determined in accordance with NASDAQ Marketplace Rules. The Company issued the shares pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933 due to the fact that the issuance of the shares was made on a private basis pursuant to the Plan.

The following table shows certain information relating to repurchases of common stock for the three-months ended September 30, 2025:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan	Remaining Number of Shares Authorized for Purchase Under the Plan
July 2025	—		—	847,724
August 2025	13,789	30.10	13,732	833,992
September 2025	1,180	32.97	—	833,992
Total	14,969	$ 30.33	13,732	833,992

(1) August and September include 57 shares and 1,180 shares, respectively, withheld from the shares that would otherwise have been issued to certain officers in order to satisfy the tax withholding obligations resulting from the vesting of restricted stock.

As announced on December 17, 2024, the Board of Directors of the Company authorized the 2025 share repurchase plan on December 17, 2024. This plan authorizes the Company to purchase up to 1,100,000 shares through December 31, 2025.

Item 5. Other Information

During the period covered by this Quarterly Report on Form 10-Q, no director or officer of the Company adopted or terminated a "Rule 10b5-1 Trading Arrangement" or "Non-Rule 10b5-1 Trading Arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

(a) The following exhibits (listed by number corresponding to the Exhibit Table as Item 601 in Regulation S-K) are filed with this report:

31.1	Certificate of the Chief Executive Officer of Independent Bank Corporation pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
31.2	Certificate of the Chief Financial Officer of Independent Bank Corporation pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32.1	Certificate of the Chief Executive Officer of Independent Bank Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32.2	Certificate of the Chief Financial Officer of Independent Bank Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
101.	INS Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.	SCH Inline XBRL Taxonomy Extension Schema Document
101.	CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.	DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
101.	LAB Inline XBRL Taxonomy Extension Label Linkbase Document
101.	PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover page interactive data file (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date	November 5, 2025	By	/s/ Gavin A. Mohr
			Gavin A. Mohr, Principal Financial Officer
Date	November 5, 2025	By	/s/ James J. Twarozynski
			James J. Twarozynski, Principal Accounting Officer

EXHIBIT 31.1

CERTIFICATION

I, William B. Kessel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Independent Bank Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

INDEPENDENT BANK CORPORATION

Date: November 5, 2025

/s/ William B. Kessel

William B. Kessel
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Gavin A. Mohr, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Independent Bank Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

INDEPENDENT BANK CORPORATION

Date: November 5, 2025

/s/ Gavin A. Mohr

Gavin A. Mohr
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATE OF THE
CHIEF EXECUTIVE OFFICER OF
INDEPENDENT BANK CORPORATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350):

I, William B. Kessel, President and Chief Executive Officer of Independent Bank Corporation, certify, to the best of my knowledge and belief, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) that:

(1) The quarterly report on Form 10-Q for the quarterly period ended September 30, 2025, which this statement accompanies, fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and;

(2) The information contained in this quarterly report on Form 10-Q for the quarterly period ended September 30, 2025, fairly presents, in all material respects, the financial condition and results of operations of Independent Bank Corporation.

INDEPENDENT BANK CORPORATION

Date: November 5, 2025

/s/ William B. Kessel
William B. Kessel
President and Chief Executive Officer

The signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Independent Bank Corporation and will be retained by Independent Bank Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATE OF THE
CHIEF FINANCIAL OFFICER OF
INDEPENDENT BANK CORPORATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350):

I, Gavin A. Mohr, Chief Financial Officer of Independent Bank Corporation, certify, to the best of my knowledge and belief, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) that:

(1) The quarterly report on Form 10-Q for the quarterly period ended September 30, 2025, which this statement accompanies, fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and;

(2) The information contained in this quarterly report on Form 10-Q for the quarterly period ended September 30, 2025, fairly presents, in all material respects, the financial condition and results of operations of Independent Bank Corporation.

INDEPENDENT BANK CORPORATION

Date: November 5, 2025

/s/ Gavin A. Mohr
Gavin A. Mohr
Chief Financial Officer

The signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Independent Bank Corporation and will be retained by Independent Bank Corporation and furnished to the Securities and Exchange Commission or its staff upon request.