

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-K**

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2025 or  
 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-7818

**INDEPENDENT BANK CORPORATION**

(Exact name of Registrant as specified in its charter)

Michigan

(State or other jurisdiction of incorporation or organization)

38-2032782

(I.R.S. employer identification no.)

4200 East Beltline, Grand Rapids, Michigan

(Address of principal executive offices)

49525

(Zip Code)

Registrant's telephone number, including area code

(616) 527-5820

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

| Title of each class        | Trading Symbol(s) | Name of each exchange on which registered |
|----------------------------|-------------------|---|
| Common Stock, No Par Value | IBCP              | NASDAQ                                    |

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes  No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b of the Act).

Yes  No

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of June 30, 2025, was \$655,032,770.

The number of shares outstanding of the registrant's common stock as of March 5, 2026 was 20,588,446

Documents incorporated by reference: Portions of our definitive proxy statement and annual report, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders, are incorporated by reference into Part I, Part II, Part III, and Part IV of this Form 10-K.

The Exhibit Index appears on Pages 25-26

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## FORWARD-LOOKING STATEMENTS

Statements in this Annual Report on Form 10-K 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 Annual Report on Form 10-K, but the list is not intended to be all-inclusive. The risk factors disclosed in Part I – Item 1A below include those risks our management believes could materially affect the results described by forward-looking statements in this report. However, those risks are not 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 our current 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. BUSINESS

Independent Bank Corporation was incorporated under the laws of the State of Michigan on September 17, 1973, for the purpose of becoming a bank holding company. We are registered under the Bank Holding Company Act of 1956, as amended, and own all of the outstanding stock of Independent Bank (the "bank"), which is also organized under the laws of the State of Michigan. The bank was founded as First National Bank in Ionia in 1864. Over the years, we have grown both organically and as the result of acquisitions of community banks, bank branches, and other organizations within the financial services industry. Our most recent acquisition was our acquisition of Traverse City State Bank in April 2018.

Aside from the stock of our bank, we have no other substantial assets. We conduct no business except for the collection of dividends or returns of capital from our bank and the payment of dividends to our shareholders and the payment of interest on subordinated debt and debentures. We have established certain employee retirement plans, including an employee stock ownership plan (ESOP) and deferred compensation plans, as well as health and other insurance programs, the cost of which is borne by our subsidiaries. We have no material patents, trademarks, licenses or franchises except the corporate charter of our bank, which permits it to engage in commercial banking pursuant to Michigan law.

Our bank transacts business in the single industry of commercial banking. It offers a broad range of banking services to individuals and businesses, including checking and savings accounts, commercial lending, direct and indirect consumer financing, mortgage lending, and safe deposit box services. Our bank does not offer trust services. Our principal markets are the rural and suburban communities across Lower Michigan, which are served by the bank's main office in Grand Rapids, Michigan, and a total of 56 branches, one drive-thru facility, and five Michigan based loan production offices. We also have one loan production facility in Ohio (Fairlawn). Most of our bank's branches provide full-service lobby and drive-thru services, as well as automatic teller machines (ATMs). In addition, we provide internet and mobile banking capabilities to our customers. We continue to see customer transaction volume declining at our bank offices and increasing through our electronic channels.

Our bank competes with other commercial banks, savings banks, credit unions, mortgage banking companies, fintech companies, securities brokerage companies, insurance companies, and money market mutual funds. Many of these competitors have substantially greater resources than we do and offer certain services that we do not currently provide. Such competitors may also have greater lending limits than our bank. In addition, non-bank competitors are generally not subject to the extensive regulations applicable to us. Price (the interest charged on loans and paid on deposits) remains a principal means of competition within the financial services industry. Our bank also competes on the basis of service and convenience in providing financial services.

As of December 31, 2025, our bank had total loans (excluding loans held for sale) of \$4.276 billion and total deposits of \$4.762 billion.

As of December 31, 2025, we had 735 full-time employees and 91 part-time employees. We compete for talent and human resources with other financial services organizations within our geographic market, which is largely the lower peninsula of Michigan. We strive to be an employer of choice by offering competitive compensation and benefits as well as fostering strong employee relations through our culture, training and growth opportunities, and similar measures. As a community-oriented bank, we believe it is especially important for our employees to engage with the communities in our market areas, and we encourage and provide opportunities for our employees to volunteer with local organizations in the markets served by our bank branches.

In addition to general banking services, we also offer investment services through a third party agreement with Cetera Investment Services LLC and title insurance services.

ITEM 1. BUSINESS (continued)

On a consolidated basis, our principal sources of revenue are interest and fees on loans, other interest income, and non-interest income. The sources of revenue for the three most recent years are as follows:

|                            | 2025    | 2024    | 2023    |
|----------------------------|---------|---------|---------|
| Interest and fees on loans | 75.7 %  | 70.7 %  | 68.1 %  |
| Other interest income      | 9.8     | 11.8    | 14.4    |
| Non-interest income        | 14.5    | 17.4    | 17.5    |
|                            | 100.0 % | 100.0 % | 100.0 % |

Supervision and Regulation

The following is a summary of certain statutes and regulations affecting us. This summary is qualified in its entirety by reference to the particular statutes and regulations. A change in applicable laws or regulations may have a material effect on us and our bank.

*General*

Financial institutions and their holding companies are extensively regulated under federal and state law. Consequently, our growth and earnings performance can be affected not only by management decisions and general and local economic conditions, but also by the statutes administered by, and the regulations and policies of, various governmental regulatory authorities. Those authorities include, but are not limited to, the Federal Reserve, the Federal Deposit Insurance Corporation ("FDIC"), the Michigan Department of Insurance and Financial Services ("Michigan DIFS"), the Internal Revenue Service, and state taxing authorities. The effect of such statutes, regulations and policies and any changes thereto can be significant and cannot necessarily be predicted.

Federal and state laws and regulations generally applicable to financial institutions and their holding companies regulate, among other things, the scope of business, investments, reserves against deposits, capital levels, lending activities and practices, the nature and amount of collateral for loans, the establishment of branches, mergers, consolidations and dividends. The system of supervision and regulation applicable to us establishes a comprehensive framework for our operations and is intended primarily for the protection of the FDIC's deposit insurance fund, our depositors, and the public, rather than our shareholders.

*Independent Bank Corporation*

We are a bank holding company and, as such, are registered with, and subject to regulation by, the Federal Reserve under the Bank Holding Company Act, as amended (the "BHCA"). Under the BHCA, we are subject to periodic examination by the Federal Reserve and are required to file periodic reports of operations and such additional information as the Federal Reserve may require.

Federal law requires bank holding companies to act as a source of strength to their bank subsidiaries and to commit capital and financial resources to support those subsidiaries. Such support may be required by the Federal Reserve at times when we might otherwise determine not to provide it.

In addition, if the Michigan DIFS deems a bank's capital to be impaired, it may require a bank to restore its capital by special assessment upon the bank holding company, as the bank's sole shareholder. If the bank holding company failed to pay such assessment, the directors of that bank would be required, under Michigan law, to sell the shares of bank stock owned by the bank holding company to the highest bidder at either public or private auction and use the proceeds of the sale to restore the bank's capital.

Any capital loans by a bank holding company to a subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

Investments and Activities. Federal law places restrictions on the ability of our holding company to engage in certain transactions, make investments, and participate (directly or indirectly through a subsidiary) in various activities.

ITEM 1. BUSINESS (continued)

In general, any direct or indirect acquisition by a bank holding company of any voting shares of any bank which would result in the bank holding company's direct or indirect ownership or control of more than 5% of any class of voting shares of such bank, and any merger or consolidation of the bank holding company with another bank holding company, will require the prior written approval of the Federal Reserve under the BHCA. In acting on such applications, the Federal Reserve must consider various statutory factors including the effect of the proposed transaction on competition in relevant geographic and product markets and each party's financial condition, managerial resources, and record of performance under the Community Reinvestment Act.

The merger or consolidation of an existing bank subsidiary of a bank holding company with another bank, or the acquisition by such a subsidiary of the assets of another bank, or the assumption of the deposit and other liabilities by such a subsidiary requires the prior written approval of the responsible federal regulatory agency under the Bank Merger Act, based upon a consideration of statutory factors similar to those outlined above with respect to the BHCA. In addition, in certain cases, an application to, and the prior approval of, the Federal Reserve under the BHCA and/or Michigan DIFS under Michigan banking laws, may be required.

With certain limited exceptions, the BHCA prohibits any bank holding company from engaging, either directly or indirectly through a subsidiary, in any activity other than managing or controlling banks unless the proposed non-banking activity is one the Federal Reserve has determined to be so closely related to banking as to be a proper incident thereto. Under current Federal Reserve regulations, such permissible non-banking activities include such things as mortgage banking, equipment leasing, securities brokerage, and consumer and commercial finance company operations. Well-capitalized and well-managed bank holding companies may, however, engage *de novo* in certain types of non-banking activities without prior notice to, or approval of, the Federal Reserve, provided that written notice of the new activity is given to the Federal Reserve within 10 business days after the activity is commenced. If a bank holding company wishes to engage in a non-banking activity by acquiring a going concern, prior notice and/or prior approval will be required, depending upon the activities in which the company to be acquired is engaged, the size of the company to be acquired and the financial and managerial condition of the acquiring bank holding company.

Eligible bank holding companies that elect to operate as financial holding companies may engage in, or own shares in companies engaged in, a wider range of non-banking activities, including securities and insurance activities and any other activity the Federal Reserve, in consultation with the U.S. Department of Treasury, (the "Treasury") determines by regulation or order is financial in nature, incidental to any such financial activity or complementary to any such financial activity and does not pose a substantial risk to the safety or soundness of depository institutions or the financial system generally. The BHCA generally does not place territorial restrictions on the domestic activities of non-bank subsidiaries of bank or financial holding companies. We have not applied for approval to operate as a financial holding company and have no current intention of doing so.

Capital Requirements. The Federal Reserve uses capital adequacy guidelines in its examination and regulation of bank holding companies. If capital falls below minimum guidelines, a bank holding company may, among other things, be denied approval to acquire or establish additional banks or non-bank businesses.

Under current federal regulations, our holding company is required to maintain the following minimum capital ratios: (1) a minimum ratio of common equity Tier 1 capital to risk-weighted assets of 4.5%, (2) a minimum ratio of Tier 1 capital to risk-weighted assets of 6%, (3) a minimum ratio of total capital to total risk-weighted assets of 8%, and (4) a minimum leverage ratio of 4%. A 2.5% common equity Tier 1 capital conservation buffer is also required. As of December 31, 2025, our holding company's capital ratios exceeded minimum requirements for the well-capitalized category.

It is important to note that these regulatory capital rules provide minimum requirements, and higher capital levels may be required if warranted by the particular circumstances or risk profiles of individual banking organizations. In addition, the federal bank regulatory agencies are required biennially to review risk-based capital standards to ensure that they adequately address interest rate risk, concentration of credit risk and risks from non-traditional activities.

Our Tier 1 capital as of December 31, 2025 includes \$38.6 million of trust preferred securities (classified on our Consolidated Statements of Financial Condition as "Subordinated debentures"). The Federal Reserve 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 is 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 could be included in the Tier 2 capital, subject to restrictions. The provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act adopted in 2010 (the "Dodd-Frank Act") imposed additional limitations on the

ability to include trust preferred securities as Tier 1 capital; however, these additional limitations do not apply to our outstanding trust preferred securities.

Dividends. Historically, most of our revenues have been received in the form of dividends paid by our bank. We can also make requests for returns of capital from our bank; however, such requests require the approval of the Michigan DIFS. Thus, our ability to pay dividends to our shareholders is indirectly limited by restrictions on the ability of our bank to pay dividends or return capital to us, as described below. Further, in a policy statement, the Federal Reserve has expressed its view that a bank holding company experiencing earnings weaknesses should not pay cash dividends exceeding its net income or that can only be funded in ways that weaken the bank holding company's financial health, such as by borrowing. The Federal Reserve possesses enforcement powers over bank holding companies and their non-bank subsidiaries to prevent or remedy actions that represent unsafe or unsound practices or violations of applicable statutes and regulations. Among these powers is the ability to proscribe the payment of dividends by banks and bank holding companies. The "prompt corrective action" provisions of federal law and regulation authorize the Federal Reserve to restrict the amount of dividends that can be paid by an insured bank that fails to meet specified capital levels.

In addition to the restrictions on dividends imposed by the Federal Reserve, the Michigan Business Corporation Act provides that dividends may be legally declared or paid only if, after the distribution, the corporation can pay its debts as they come due in the usual course of business and its total assets equal or exceed the sum of its liabilities plus the amount that would be needed to satisfy the preferential rights upon dissolution of any holders of preferred stock whose preferential rights are superior to those receiving the distribution.

Change in Control Limitations. Subject to certain exceptions, the Change in Bank Control Act ("Control Act") and regulations promulgated thereunder by the Federal Reserve, require any person acting directly or indirectly, or through or in concert with one or more persons, to give the Federal Reserve 60 days' written notice before acquiring control of a bank holding company. Pursuant to the Control Act, the Federal Reserve has the authority to prevent any such acquisition. Transactions that are presumed to constitute the acquisition of control include the acquisition of any voting securities of a bank holding company having securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, if, after the transaction, the acquiring person (or persons acting in concert) owns, controls or holds with power to vote 10% or more of any class of voting securities of the institution.

Federal Securities Regulation. Our common stock is registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We are therefore subject to the information, proxy solicitation, insider trading and other restrictions and requirements of the Securities and Exchange Commission ("SEC") under the Exchange Act.

#### *Independent Bank*

Independent Bank is a Michigan banking corporation and a member of the Federal Reserve System, and its deposit accounts are insured by the FDIC's Deposit Insurance Fund ("DIF"). As a member of the Federal Reserve System and a Michigan-chartered bank, our bank is subject to the examination, supervision, reporting and enforcement requirements of the Federal Reserve as its primary federal regulator and the Michigan DIFS as the chartering authority for Michigan banks. These agencies and the federal and state laws applicable to our bank and its operations extensively regulate various aspects of the banking business including, among other things, permissible types and amounts of loans, investments and other activities, capital adequacy, branching, interest rates on loans and on deposits, the maintenance of non-interest bearing reserves on deposit accounts, and the safety and soundness of banking practices.

Deposit Insurance. As an FDIC-insured institution, our bank is required to pay deposit insurance premium assessments to the FDIC. Under the FDIC's current risk-based assessment system for deposit insurance premiums, our bank's assessment rate is based on a formula using financial data and supervisory ratings.

Michigan DIFS Assessments. Michigan banks are required to pay supervisory fees to the Michigan DIFS to fund their operations. The amount of supervisory fees paid by a bank is based upon the bank's total assets, with surcharges imposed for certain banks with lower supervisory ratings.

Capital Requirements. The Federal Reserve has established the following minimum capital standards for state-chartered, FDIC-insured member banks, such as our bank: (1) a minimum ratio of common equity Tier 1 capital to risk-weighted assets of 4.5%, (2) a minimum ratio of Tier 1 capital to risk-weighted assets of 6%, (3) a minimum ratio of total capital to total risk-weighted assets of 8%, and (4) a minimum leverage ratio of 4%. A 2.5% common equity Tier 1 capital conservation buffer is also required. It is important to note that these regulatory capital rules provide minimum requirements, and higher capital levels may be required if warranted by the particular circumstances or risk profiles of

ITEM 1. BUSINESS (continued)

individual banking organizations. In addition, the federal bank regulatory agencies are required biennially to review risk-based capital standards to ensure that they adequately address interest rate risk, concentration of credit risk and risks from non-traditional activities.

Federal law provides the federal banking regulators with broad power to take prompt corrective action to resolve the problems of undercapitalized institutions. The extent of the regulators' powers depends on whether the institution in question is "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," or "critically undercapitalized." Federal regulations define these capital categories as follows:

|                                | <b>Total<br/>Risk-Based<br/>Capital Ratio</b> | <b>Tier 1<br/>Risk-Based<br/>Capital Ratio</b> | <b>Common<br/>Equity Tier 1<br/>Risk-Based<br/>Capital Ratio</b> | <b>Leverage<br/>Ratio</b> |
|--------------------------------|---|--|--|---------------------------|
| Well capitalized               | 10% or above                                  | 8% or above                                    | 6.5% or above  | 5% or above               |
| Adequately capitalized         | 8% or above                                   | 6% or above                                    | 4.5% or above  | 4% or above               |
| Undercapitalized               | Less than 8%                                  | Less than 6%                                   | Less than 4.5%   | Less than 4%              |
| Significantly undercapitalized | Less than 6%                                  | Less than 4%                                   | Less than 3%   | Less than 3%              |
| Critically undercapitalized    |   | Tangible equity to total assets of 2% or less  |  |                           |

As of December 31, 2025, our bank's ratios exceeded minimum requirements for the well-capitalized category.

Depending upon the capital category to which an institution is assigned, the regulators' corrective powers include: requiring the submission of a capital restoration plan; placing limits on asset growth and restrictions on activities; requiring the institution to issue additional capital stock (including additional voting stock) or to be acquired; restricting transactions with affiliates; restricting the interest rates the institution may pay on deposits; ordering a new election of directors of the institution; requiring that senior executive officers or directors be dismissed; prohibiting the institution from accepting deposits from correspondent banks; requiring the institution to divest certain subsidiaries; prohibiting the payment of principal or interest on subordinated debt and debentures; and ultimately, appointing a receiver for the institution.

In general, a depository institution may be reclassified to a lower category than is indicated by its capital levels if the appropriate federal depository institution regulatory agency determines the institution to be otherwise in an unsafe or unsound condition or to be engaged in an unsafe or unsound practice. This could include a failure by the institution to correct the deficiency following receipt of a less-than-satisfactory rating on its most recent examination report.

Dividends. Under Michigan law, banks are restricted as to the maximum amount of dividends they may pay on their common stock. Our bank may not pay dividends except out of its net income after deducting its losses and provision for credit losses. In addition, a Michigan bank may not declare or pay a dividend unless the bank will have a surplus amounting to at least 20 percent of its capital after the payment of the dividend.

In addition, as a member of the Federal Reserve System, our bank is required to obtain the prior approval of the Federal Reserve for the declaration or payment of a dividend if the total of all dividends declared in any year will exceed the total of (a) the bank's retained net income (as defined by federal regulation) for that year, plus (b) the bank's retained net income for the preceding two years.

Federal law also generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. In addition, the Federal Reserve may prohibit the payment of dividends by a bank if such payment is determined, by reason of the financial condition of the bank, to be an unsafe and unsound banking practice or if the bank is in default of payment of any assessment due to the FDIC.

Insider Transactions. Our bank is subject to certain restrictions imposed by the Federal Reserve Act on "covered transactions" with us or our subsidiaries, which include investments in our stock or other securities issued by us or our subsidiaries, the acceptance of our stock or other securities issued by us or our subsidiaries as collateral for loans, and extensions of credit to us or our subsidiaries. Certain limitations and reporting requirements are also placed on the deposit rates paid, and the amounts and terms of extensions of credit, by our bank to the directors and officers of the holding company, the bank, and the subsidiaries of the bank; to the principal shareholders of the holding company; and to "related

interests" of such directors, officers, and principal shareholders. In addition, federal law and regulations may affect the terms upon which any person becoming one of our directors or officers or a principal shareholder may obtain credit from banks with which our bank maintains a correspondent relationship.

*Safety and Soundness Standards.* Pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), the FDIC adopted guidelines to establish operational and managerial standards to promote the safety and soundness of federally-insured depository institutions. The guidelines establish standards for internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, asset quality, and earnings.

*Investment and Other Activities.* Under federal law and regulations, FDIC-insured state banks are prohibited, subject to certain exceptions, from making or retaining equity investments of a type, or in an amount, that are not permissible for a national bank. FDICIA, as implemented by FDIC regulations, also prohibits FDIC-insured state banks and their subsidiaries, subject to certain exceptions, from engaging as a principal in any activity that is not permitted for a national bank or its subsidiary, respectively, unless the bank meets, and continues to meet, its minimum regulatory capital requirements and the bank's primary federal regulator determines the activity would not pose a significant risk to the DIF. Impermissible investments and activities must be otherwise divested or discontinued within certain time frames set by the bank's primary federal regulator in accordance with federal law. These restrictions are not currently expected to have a material impact on the operations of our bank.

*Consumer Banking.* Our bank's business includes making a variety of types of loans to individuals. In making these loans, our bank is subject to state usury and other consumer protection laws and to various federal statutes, including provisions of the Gramm Leach-Bliley Act aimed at protecting the privacy of consumer financial information, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act (TILA), the Real Estate Settlement Procedures Act (RESPA), the Home Mortgage Disclosure Act, and the regulations promulgated under these statutes, which (among other things) prohibit discrimination, specify disclosures to be made to borrowers regarding credit and settlement costs, and regulate the mortgage loan servicing activities of our bank, including the maintenance and operation of escrow accounts and the transfer of mortgage loan servicing. In receiving deposits, our bank is subject to extensive regulation under state and federal law and regulations, including the Truth in Savings Act, the Expedited Funds Availability Act, the Electronic Funds Transfer Act, and the Federal Deposit Insurance Act. Violation of these laws could result in the imposition of significant damages and fines upon our bank and its directors and officers.

A number of consumer protection laws were implemented following the 2008 recession, including the Dodd-Frank Act, adopted in 2010. The Dodd-Frank Act created the Consumer Financial Protection Bureau ("CFPB"), which was given the power to issue and enforce certain consumer protection laws. The CFPB has issued a number of consumer protection regulations, including regulations that impact residential mortgage lending and servicing.

We have experienced, and expect to continue to experience, increased costs and expenses related to compliance with these consumer protection regulations as well as new regulations that may be implemented in the future.

*Community Reinvestment Act.* The Community Reinvestment Act (CRA) requires federal banking regulators to assess the record of financial institutions in meeting the credit needs of the communities they serve, including low- and moderate-income neighborhoods, consistent with safe and sound operations. In October 2023, federal banking regulators issued a final rule to modernize and strengthen CRA regulations. The final rule includes revised assessment area standards, new retail lending and community development tests, and updated data collection and reporting requirements. The federal banking regulators have proposed rescinding the new rules and are currently applying the prior regulatory framework under the CRA. Our bank has a longstanding commitment to community development and reinvestment in the areas it serves and continually monitors developments related to CRA requirements.

*Anti-Money Laundering and the USA PATRIOT Act.* The bank is subject to a number of financial recordkeeping and anti-money laundering laws and regulations including the Bank Secrecy Act and the USA PATRIOT Act, as well as similar rules and guidelines implemented and enforced by the Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") and the Federal Financial Institutions Examination Council ("FFIEC"). These laws and regulations require the bank to take certain steps to prevent the use of the bank or its systems from facilitating the flow of illegal or illicit money or terrorist funds. These regulations include FinCEN's Customer Due Diligence Requirements for Financial Institutions, which is designed to identify and verify the identity of natural persons (known as beneficial owners) of legal entity customers who own, control and profit from companies when those companies open accounts.

ITEM 1. BUSINESS (continued)

2018 Regulatory Reform. In May 2018, the Economic Growth, Regulatory Relief and Consumer Protection Act (the "2018 Act") was enacted to modify or remove certain financial reform rules and regulations, including some of those implemented under the Dodd-Frank Act. While the 2018 Act maintained most of the regulatory structure established by the Dodd-Frank Act, it amended certain aspects of the regulatory framework for small depository institutions with assets of less than \$10 billion and for large banks with assets of more than \$50 billion.

The 2018 Act also included regulatory relief for community banks regarding regulatory examination cycles, call reports, the Volcker Rule (proprietary trading prohibitions), mortgage disclosures, and risk weights for certain high-risk commercial real estate loans.

Anti-Money Laundering Act of 2020. The National Defense Authorization Act for Fiscal Year 2021 (the "NDAA") enacted January 1, 2021 over a presidential veto, includes a number of significant new requirements intended to enhance U.S. anti-money laundering efforts. These provisions, many of which are contained within a section of the NDAA known as the Anti-Money Laundering Act of 2020 (the "AMLA"), include establishment of a beneficial ownership registration database, the creation of two new criminal offenses regarding money laundering, new penalties for Bank Secrecy Act violations, and increased whistleblower rewards and protections. Under these new laws, various government agencies will also be tasked with identification of policy priorities, establishment of streamlined processes, creation of information sharing programs, and regular reporting to Congress in an effort to modernize anti-money laundering enforcement.

Branching Authority. Michigan banks, such as our bank, have the authority under Michigan law to establish branches anywhere in the State of Michigan, subject to receipt of all required regulatory approvals. Banks may establish interstate branch networks through acquisitions of other banks. The establishment of *de novo* interstate branches or the acquisition of individual branches of a bank in another state (rather than the acquisition of an out-of-state bank in its entirety) is allowed only if specifically authorized by state law.

Michigan permits both U.S. and non-U.S. banks to establish branch offices in Michigan. The Michigan Banking Code permits, in appropriate circumstances and with the approval of the Michigan DIFS, (1) the acquisition of Michigan banks by FDIC-insured banks or savings banks located in other states, (2) the sale by a Michigan bank of branches to an FDIC-insured bank or savings bank located in a state in which a Michigan bank could purchase branches of the purchasing entity, (3) the consolidation of Michigan banks and FDIC-insured banks or savings banks located in other states having laws permitting such consolidation, (4) the establishment of branches in Michigan by FDIC-insured banks located in other states, the District of Columbia or U.S. territories or protectorates having laws permitting a Michigan bank to establish a branch in such jurisdiction, and (5) the establishment by foreign banks of branches located in Michigan.

Inflation Reduction Act of 2022. On August 16, 2022, the Inflation Reduction Act of 2022 was signed into law. The Inflation Reduction Act of 2022 includes a 1% excise tax on net stock repurchases, effective January 1, 2023. We do not expect that this new excise tax will have a material impact on our operations or results.

One Big Beautiful Bill. In 2025, Congress enacted H.R. 1, the Reconciliation Act of 2025 (commonly referred to as the "One Big Beautiful Bill"), which contains numerous provisions affecting financial institutions, their customers, and the broader economy. The legislation makes permanent many of the individual and business tax provisions originally enacted in the Tax Cuts and Jobs Act of 2017, including the reduced individual income tax rates, the increased standard deduction, the 20% qualified business income deduction for pass-through entities under section 199A, the increased estate and gift tax exemption, and 100% bonus depreciation for qualified property. The legislation also modifies the business interest deduction limitation under Section 163(j) to restore the add-back of depreciation, amortization, and depletion when calculating adjusted taxable income, and increases the Section 179 expensing limit to \$2.5 million.

The legislation includes several provisions that may directly benefit our bank and its customers. The state and local tax ("SALT") deduction cap is increased from \$10,000 to \$40,000 for tax years 2025 and 2026, which may positively affect our customers in Michigan and support residential real estate demand in our service area. Additionally, the legislation provides that 25% of interest received by qualified lenders, including FDIC-insured depository institutions, on loans secured by agricultural or rural real estate is excluded from gross income. The legislation also creates new deductions for qualified tips, qualified overtime compensation, and interest on loans for U.S.-assembled passenger vehicles, which may affect consumer financial capacity and demand for certain loan products.

With respect to financial institution regulation, the legislation reduces the CFPB's funding cap from 12% to 6.5% of the Federal Reserve System's combined earnings, which may result in reduced CFPB enforcement activity and rulemaking.

## ITEM 1. BUSINESS (continued)

The legislation also imposes a 1% excise tax on certain outbound cash remittance transfers, which may impose compliance and collection obligations on financial institutions that serve as remittance transfer providers.

The ultimate impact of this legislation on our operations, financial condition, and results of operations will depend on the implementation of these provisions by the applicable regulatory and taxing authorities and cannot yet be fully determined.

### Future Legislation

Various other legislative and regulatory initiatives, including proposals to overhaul the bank regulatory system, are from time to time introduced in Congress and state legislatures, as well as regulatory agencies. Such future legislation regarding financial institutions may change banking statutes and our operating environment in substantial and unpredictable ways and could increase or decrease the cost of doing business, limit or expand permissible activities, or affect the competitive balance among organizations within the industry. The nature and extent of future legislative and regulatory changes affecting financial institutions is very unpredictable. We cannot determine the ultimate effect that any such potential legislation, if enacted, would have upon our financial condition or results of operations.

### Available Information

Our annual reports on Forms 10-K, quarterly reports on Forms 10-Q, current reports on Forms 8-K, and all amendments to those reports are available free of charge through our website at [www.IndependentBank.com](http://www.IndependentBank.com) as soon as reasonably practicable after filing with the SEC.

## ITEM 1A. RISK FACTORS

Investing in our common stock involves risks, including (among others) the following factors:

### Risk Factors Relating to the Financial Services Industry

**Pressures from various global and national macroeconomic events, including heightened inflation, uncertainty regarding future interest rates, foreign currency exchange rate fluctuations, recent adverse weather conditions and natural disasters, ongoing conflict in the Middle East, the continuation of the Russia-Ukraine war, and potential governmental responses to these events have created, and continue to create, significant economic uncertainty and could materially and adversely impact our financial condition and performance. In addition, pursuit of new 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 macroeconomic pressures 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 intangible assets, securities available for sale, securities held to maturity, loans, capitalized mortgage loan servicing rights or deferred tax assets.

In particular, economic downturns and other adverse impacts from these macroeconomic factors could result in the delinquency of outstanding loans, which could have a material adverse impact on our earnings. We continue to closely monitor and analyze the higher risk segments within our portfolio in light of the high degree of uncertainty that exists with respect to the impact of the fluid global economic conditions on the future performance of our loan portfolio.

**Governmental monetary and fiscal policies may adversely affect the financial services industry and therefore impact our financial condition and results of operations.**

Monetary and fiscal policies of various governmental and regulatory agencies, particularly the Federal Reserve, affect the financial services industry, directly and indirectly. The Federal Reserve regulates the supply of money and credit in the U.S., and its monetary and fiscal policies determine in a large part our cost of funds for lending and investing and the return that can be earned on such loans and investments. Changes in such policies, including changes in interest rates, will influence the origination of loans, the value of investments, the value of capitalized mortgage loan servicing rights, the generation of deposits, and the rates received on loans and investment securities and paid on deposits. Changes in monetary and fiscal policies are beyond our control and difficult to predict. Our financial condition and results of operations could be materially adversely impacted by changes in governmental monetary and fiscal policies.

**Volatility and disruptions in global capital and credit markets may adversely impact our business, financial condition and results of operations.**

Even though we operate in a distinct geographic region in the U.S., we are impacted by global capital and credit markets, which are sometimes subject to periods of extreme volatility and disruption. Disruptions, uncertainty or volatility in the capital and credit markets may limit our ability to access capital and manage liquidity, which may adversely affect our business, financial condition and results of operations. Further, our customers may be adversely impacted by such conditions, which could have a negative impact on our business, financial condition and results of operations.

**Adverse developments affecting the financial services industry, including bank failures and the resulting liquidity concerns, may have a material effect on our business, financial condition, results of operations, or cash flows.**

Events within the financial services industry within recent years, including the closures of several banks in 2023 due to large-scale deposit withdrawals over a short period of time, created liquidity risks and concerns within the industry, as well as decreased confidence in banks among depositors, investors, and other counterparties. In general, these events caused some degree of volatility and disruption in the capital markets, as well as reduced valuations of equity and other securities of banks. These failures also highlighted the importance of maintaining diversified funding sources. These market conditions and related factors may impact the competitive landscape for deposits in the financial services industry in an unpredictable manner.

Specifically, these events may materially adversely impact our business, financial condition, results of operations, and/or cash flows, including through potential liquidity pressures, reduced net interest margins, and potential increased credit losses. They may also adversely impact the market price and volatility of our common stock. Government responses to these events may also adversely impact us. Our deposits are insured up to applicable limits by FDIC and are subject to deposit insurance premiums and assessments. The FDIC may increase premiums or impose special assessments on all banks to replenish the Deposit Insurance Fund to ensure that all depositors in failed banks are made whole at no cost to taxpayers. The 2023 bank failures may also prompt changes to laws or regulations governing banks, which could impact our profitability and business.

**The soundness of other financial institutions could adversely affect us.**

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty and other relationships. We have exposure to many different industries and counterparties, and we routinely execute transactions with counterparties in the financial industry. As a result, defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, can lead to market-wide liquidity problems and losses or defaults by us or by other institutions. Many of these transactions could expose us to credit risk in the event of default by a counterparty. In addition, our credit risk may be impacted when the collateral held by us cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the financial instrument exposure due to us. There is no assurance that any such losses would not adversely affect us and possibly be material in nature.

**Changes in regulation or oversight may have a material adverse impact on our operations.**

We are subject to extensive regulation, supervision and examination by the Federal Reserve, the FDIC, the Michigan DIFS, the SEC and other regulatory bodies. Such regulation and supervision govern the activities in which we may engage. Regulatory authorities have extensive discretion in their supervisory and enforcement activities, including the imposition of restrictions on our operations, limitations related to our securities, the classification of our assets, and the determination of the level of our allowance for credit losses. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, legislation or supervisory action, may have a material adverse impact on our business, financial condition or results of operations.

Additional regulatory focus on the financial services industry is common in connection with an economic downturn, as the industry experienced following the most recent financial crisis. As a result, the adverse effects on our business relating to any future economic downturn could be exacerbated by additional regulations and regulatory scrutiny that accompanied or followed any such downturn. We can neither predict when or whether future regulatory or legislative reforms will be enacted nor what their contents will be. The impact of any future legislation or regulatory actions on our businesses or operations cannot be determined at this time, and such impact may adversely affect us. It is difficult to predict what impact the Trump administration will have on these risks. Any actions by the administration to scale back regulations or regulatory oversight may become subject to judicial or other challenges, which may increase the degree of uncertainty associated with this risk factor.

**We are subject to liquidity risk in our operations, which could adversely impact our ability to fund various obligations.**

Liquidity risk is the possibility of being unable to meet obligations as they come due or capitalize on growth opportunities as they arise because of an inability to liquidate assets or obtain adequate funding on a timely basis, at a reasonable cost and within acceptable risk tolerances. Liquidity is required to fund various obligations, including credit obligations to borrowers, loan originations, withdrawals by depositors, repayment of debt, dividends to shareholders, operating expenses and capital expenditures. Liquidity is derived primarily from retail deposit growth and earnings retention, principal and interest payments on loans and investment securities, net cash provided from operations and access to other funding. If we are unable to maintain adequate liquidity, then our business, financial condition and results of operations could be negatively impacted.

**We face cybersecurity risks, including attacks targeting our systems and customers' systems.**

Our business involves the collection, transmission, and storage of large amounts of sensitive data, including personally identifiable information of our customers and employees. The cybersecurity risks our business face include cyberattacks, other unauthorized access to data, loss or destruction of data, unavailability of service, and similar events. We are also susceptible to cybersecurity risks faced by third party vendors on which we rely for components of our business infrastructure and data processing and which often have access to the sensitive data of our customers.

While we have not to date experienced a security breach that has had a material impact on us, our business is very susceptible to cybersecurity risks, and it is possible we could experience a significant breach in the future that could materially impact our financial condition or results of operations. A material data breach or other cybersecurity incident affecting our business could result in significant reputational risk, loss of customers, legal claims, additional costs, financial loss, regulatory penalties, and similar damages. Risks and exposures related to cybersecurity attacks are expected to remain high for the foreseeable future due to the rapidly evolving nature and sophistication of these threats, the continuing expansion of internet and mobile banking, and similar factors.

**Our use of artificial intelligence and machine learning technologies may expose us to regulatory, operational, and competitive risks.**

We use artificial intelligence ("AI") and machine learning technologies in certain aspects of our operations. While these technologies can provide significant benefits, they also present risks that could adversely affect our business. AI systems may produce inaccurate or biased outputs, which could result in regulatory compliance failures. The use of AI in lending decisions is subject to increasing regulatory scrutiny, particularly with respect to fair lending requirements under the Equal Credit Opportunity Act and the Fair Housing Act. Regulators may challenge the use of AI models that produce results that are based upon potential bias, even if such impacts are unintentional. Additionally, we face competitive pressures from fintech companies and other financial institutions that may be able to deploy AI technologies more aggressively or effectively than we can. Errors or failures in AI systems could result in operational disruptions, financial losses, reputational harm, or regulatory sanctions. As AI technology continues to evolve rapidly, there is significant uncertainty regarding future regulatory requirements and industry standards applicable to the use of AI by financial institutions. The regulatory landscape for AI in banking is still developing, and new regulations or guidance could require us to modify or discontinue certain uses of AI, incur significant compliance costs, or face enforcement actions.

**A significant portion of our deposits are uninsured, which could result in funding pressures and liquidity constraints during times of financial stress.**

A portion of our deposits exceeds the \$250,000 FDIC insurance limit. As of December 31, 2025, our estimated uninsured deposits totaled approximately \$1.176 billion, representing approximately 24.8% of our total deposits. Uninsured deposits may be more likely to be withdrawn during times of financial stress, which could result in funding pressures and liquidity constraints. In 2023, the failures of Silicon Valley Bank and Signature Bank highlighted the risks associated with high concentrations of uninsured deposits, as rapid deposit withdrawals contributed to those institutions' failures. We believe our depositor base is relatively diversified, and we take steps to manage uninsured deposit risk, including monitoring deposit concentrations, diversifying funding sources, and maintaining access to contingent liquidity facilities. However, there can be no assurance these measures will be effective in preventing deposit outflows during periods of market stress. A significant loss of deposits could require us to seek alternative funding sources, which may be more expensive or unavailable on acceptable terms, and could adversely affect our liquidity, financial condition, and results of operations.

**Our concentration in commercial real estate loans exposes us to increased credit risk and regulatory scrutiny.**

As of December 31, 2025, our loans secured by commercial real estate (CRE) totaled approximately \$1.055 billion representing approximately 24.7% of our total loan portfolio. The commercial real estate market has experienced increased stress with higher interest rates and changes in tenant demand adversely affecting property values and cash flows in certain segments of the CRE market. Regulatory agencies have increased their scrutiny of CRE lending concentrations, particularly with respect to office properties and other property types experiencing elevated stress. An extended period of stress in the commercial real estate market could result in increased loan delinquencies, higher credit losses, and reduced collateral values, which could adversely affect our financial condition and results of operations. We actively monitor our CRE portfolio and underwriting standards; however, there can be no assurance that these measures will be sufficient to avoid losses.

**We rely on third-party service providers for critical business functions, which exposes us to operational, cybersecurity, and regulatory risks.**

We rely on third-party service providers for significant components of our business operations, including core data processing systems, payment processing, cybersecurity monitoring, and other critical functions. Our core data processing systems are largely outsourced to third-party providers. This reliance on third parties creates concentration risk, as disruptions to our key service providers' operations, financial condition, or security could directly impact our ability to serve customers and conduct business. Cybersecurity incidents affecting our third-party vendors could result in unauthorized access to customer data, operational disruptions, and regulatory liability. In addition, our third-party providers may fail to comply with applicable laws and regulations, which could expose us to regulatory sanctions and reputational harm. Contract negotiations with critical vendors may result in unfavorable terms, and we may have limited ability to switch providers without significant cost and operational disruption. Regulatory agencies increasingly scrutinize financial institutions' third-party risk management practices, and we may face increased compliance costs and regulatory expectations in this area. Failure to effectively manage third-party risks could adversely affect our business, financial condition, and results of operations.

**Operational difficulties, including failure of technology infrastructure and the increasing occurrence and sophistication of attempts at fraudulent activity, could adversely affect our business and operations.**

We are exposed to many types of operational risk, including reputational risk, legal and compliance risk, the risk of fraud or theft by employees or outsiders, failure of our controls and procedures and unauthorized transactions by employees or operational errors, including clerical or recordkeeping errors or those resulting from computer or telecommunications systems malfunctions. Given the high volume of transactions we process, certain errors may be repeated or compounded before they are identified and resolved. In particular, our operations rely on the secure processing, storage and transmission of confidential and other information on our technology systems and networks. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan and other systems.

The financial services industry is also experiencing a rapid increase in the frequency and sophistication of fraudulent attacks, driven by the proliferation of AI-powered tools, deepfake technology, and organized, transnational crime rings. We are subject to evolving, complex threats designed to bypass traditional security controls. Our failure to successfully anticipate or mitigate these evolving schemes could lead to increased financial losses, higher operational costs, regulatory penalties, and significant reputational damage.

We also face the risk of operational disruption, failure or capacity constraints due to our dependency on third party vendors for components of our business infrastructure, including our core data processing systems which are largely outsourced. While we have selected these third party vendors carefully, we do not control their operations. As such, any failure on the part of these business partners to perform their various responsibilities could also adversely affect our business and operations.

We may also be subject to disruptions of our operating systems arising from events that are wholly or partially beyond our control, which may include, for example, computer viruses, cyberattacks, spikes in transaction volume and/or customer activity, electrical or telecommunications outages, or natural disasters. Although we have programs in place related to business continuity, disaster recovery and information security to maintain the confidentiality, integrity, and availability of our systems, business applications and customer information, such disruptions may give rise to interruptions in service to customers and loss or liability to us.

The occurrence of any failure or interruption in our operations or information systems could cause reputational damage, jeopardize the confidentiality of customer information, result in a loss of customer business, subject us to regulatory intervention or expose us to civil litigation and financial loss or liability, any of which could have a material adverse effect on us.

**Changes in the financial markets, including fluctuations in interest rates and their impact on deposit pricing, could adversely affect our net interest income and financial condition.**

The operations of financial institutions such as us are dependent to a large degree on net interest income, which is the difference between interest income from loans and investments and interest expense on deposits and borrowings. Prevailing economic conditions; the trade, fiscal and monetary policies of the federal government, which have the potential to change significantly with the Trump administration; and the policies of various regulatory agencies all affect market rates of interest and the availability and cost of credit, which in turn significantly affect financial institutions' net interest income. Volatility in interest rates can also result in disintermediation, which is the flow of funds away from financial institutions into direct investments, such as federal government and corporate securities and other investment vehicles, which, because of the absence of federal insurance premiums and reserve requirements, generally pay higher rates of return than financial institutions. Our financial results could be materially adversely impacted by changes in financial market conditions.

**Legal and regulatory proceedings and related matters with respect to the financial services industry, including those directly involving us, could adversely affect us or the financial services industry in general.**

We have been, and may in the future be, subject to various legal and regulatory proceedings. It is inherently difficult to assess the outcome of these matters, and there can be no assurance that we will prevail in any proceeding or litigation. Any such matter could result in substantial cost and diversion of our efforts, which by itself could have a material adverse effect on our financial condition and operating results. Further, adverse determinations in such matters could result in actions by our regulators that could materially adversely affect our business, financial condition or results of operations.

**Methods of reducing risk exposures might not be effective.**

Instruments, systems and strategies used to hedge or otherwise manage exposure to various types of credit, market and liquidity, operational, compliance, business risks and enterprise-wide risk could be less effective than anticipated. As a result, we may not be able to effectively mitigate our risk exposures in particular market environments or against particular types of risk, which could have a material adverse impact on our business, financial condition or results of operations.

**Risk Factors More Specific to Our Business**

**We have credit risk inherent in our loan portfolios, and our allowance for credit losses may not be sufficient to cover actual credit losses.**

Our loan customers may not repay their loans according to their respective terms, and the collateral securing the payment of these loans may be insufficient to cover any losses we may incur. We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. Non-performing loans amounted to \$23.1 million and \$6.0 million at December 31, 2025, and December 31, 2024, respectively. Our allowance for credit losses coverage ratio of non-performing loans was 274.33% and 989.32% at December 31, 2025, and December 31, 2024, respectively. The decrease in this coverage ratio in 2025 was primarily due to an increase in commercial non-performing loans that was partially offset by an increase in the allowance for credit losses. In determining the size of the allowance for credit losses, we rely on our experience and our evaluation of current economic conditions. If our assumptions or judgments prove to be incorrect, our current allowance for credit losses may not be sufficient to cover certain credit losses inherent in our loan portfolio, and adjustments may be necessary to account for different economic conditions or adverse developments in our loan portfolio. Material additions to our allowance for credit losses would adversely impact our operating results.

In addition, federal and state regulators periodically review our allowance for credit losses and may require us to increase our provision for credit losses or recognize additional loan charge-offs, notwithstanding any internal analysis that has been performed. Any increase in our allowance for credit losses or loan charge-offs required by these regulatory agencies could have a material adverse effect on our results of operations and financial condition.

**We have credit risk in our securities portfolio.**

We maintain diversified securities portfolios, which include obligations of the Treasury and government-sponsored agencies as well as securities issued by states and political subdivisions, mortgage-backed securities, corporate securities and asset-backed securities. We seek to limit credit losses in our securities portfolios by principally purchasing highly rated securities (generally rated "AA" or higher by a major debt rating agency) and by conducting due diligence on the issuer. However, gross unrealized losses on securities available for sale and securities held to maturity in our portfolio totaled approximately \$51.4 million and \$39.8 million, respectively as of December 31, 2025 (compared to approximately \$62.7 million and \$53.9, respectively as of December 31, 2024). We believe these unrealized losses are temporary in nature and are expected to be recovered within a reasonable time period as we believe we have the ability to hold the securities to maturity or until such time as the unrealized losses reverse. We evaluate securities available for sale for impairment related to credit losses at least quarterly and more frequently when economic or market concerns warrant such evaluation. Those evaluations may result in a provision for credit losses recorded in our earnings. We measure expected credit losses on securities held to maturity ("HTM") on a collective basis by major security type with each type sharing similar risk characteristics, and we consider historical credit loss information. We may, in the future, experience losses in our securities portfolios which may result in credit losses that could materially adversely affect our results of operations.

**Our mortgage-banking revenues are susceptible to substantial variations, due in part to factors we do not control, such as market interest rates.**

A portion of our revenues are derived from net gains on mortgage loans. These net gains primarily depend on the volume of loans we sell, which in turn depends on our ability to originate real estate mortgage loans and the demand for fixed-rate obligations and other loans that are outside of our established interest-rate risk parameters. 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. Consequently, they can often be a volatile part of our overall revenues. We realized net gains of \$6.8 million on mortgage loans during 2025 compared to \$6.6 million during 2024 and \$7.4 million during 2023.

**An adverse outcome in certain overdraft fee litigation that has been brought against the bank could have a material adverse effect on our results of operations.**

We are currently a defendant in three putative class action lawsuits challenging aspects of our overdraft and/or insufficient funds fee practices, including allegations that fees were assessed in circumstances where transactions were authorized on a positive balance but later settled against a negative balance and/or that multiple fees were charged on re-presented items. For additional information, please see Note 11 – Commitments and Contingent Liabilities in the Notes to Consolidated Financial Statements in our annual report, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders (filed as exhibit 13 to this report on Form 10-K) for more information. An adverse outcome in any of these matters, through judgment or settlement, could result in monetary damages, restitution, remedial relief requiring changes to our products, disclosures, and systems, and an increase in legal and compliance costs, any of which could be material to our results of operations. Similar lawsuits against other financial institutions nationwide have resulted in substantial settlements, and plaintiffs' firms continue to actively pursue these claims. Recent public settlements in overdraft-related litigation include payments by multiple institutions, reflecting the potential exposure in this area.

**Our parent company must rely on dividends or returns of capital from our bank for most of its cash flow.**

Our parent company is a separate and distinct legal entity from our bank. Generally, our parent company receives substantially all of its cash flow from dividends or returns of capital from our subsidiary bank. These dividends or returns of capital are the principal source of funds to pay our parent company's operating expenses and for cash dividends on our common stock. Various federal and/or state laws and regulations limit the amount of dividends that the bank may pay to the parent company.

**Any future strategic acquisitions or divestitures may present additional risks to our business and operations.**

Difficulties in capitalizing on the opportunities presented by a future acquisition may prevent us from fully achieving the expected benefits from the acquisition or may cause the achievement of such expectations to take longer to realize than expected. Further, the assimilation of the acquired entity's customers and markets could result in higher than expected deposit attrition, loss of key employees, disruption of our businesses or the businesses of the acquired entity or otherwise adversely affect our ability to maintain relationships with customers and employees or achieve the anticipated benefits of the acquisition. These matters could have an adverse effect on us for an undetermined period. We will be subject to similar

risks and difficulties in connection with any future decisions to downsize, sell or close units or otherwise change our business mix.

**Compliance with capital requirements may adversely affect us.**

The capital requirements applicable to banks and bank holding companies have been substantially revised in recent years. These more stringent capital requirements, and any other new regulations, could adversely affect our ability to pay dividends in the future, or could require us to reduce business levels or to raise capital, including in ways that may adversely affect our results of operations or financial condition and/or existing shareholders. Maintaining higher levels of capital may reduce our profitability and otherwise adversely affect our business, financial condition, or results of operations.

**Declines in the businesses or industries of our customers could cause increased credit losses, which could adversely affect us.**

Our business customer base consists, in part, of customers in businesses and industries that are sensitive to global economic conditions and supply chain factors, including businesses that operate within the automotive, real estate, retail, commercial and industrial (C&I), hotel, entertainment, and food service industries. Any decline in any of these industries or business sectors could cause increased credit losses, which in turn could adversely affect us.

**The introduction, implementation, withdrawal, success and timing of business initiatives and strategies may be less successful or may be different than anticipated, which could adversely affect our business.**

We make certain projections and develop plans and strategies for our banking and financial products. If we do not accurately determine demand for or changes in our banking and financial product needs, it could result in us incurring significant expenses without the anticipated increases in revenue, which could result in a material adverse effect on our business.

**We may not be able to utilize technology to efficiently and effectively develop, market, and deliver new products and services to our customers.**

The financial services industry experiences rapid technological change with regular introductions of new technology-driven products and services. The efficient and effective utilization of technology enables financial institutions to better serve customers and to reduce costs. Our future success depends, in part, upon our ability to address the needs of our customers by using technology to market and deliver products and services that will satisfy customer demands, meet regulatory requirements, and create additional efficiencies in our operations. We may not be able to effectively develop or offer new technology-driven products and services or be successful in marketing or supporting these products and services to our customers, which could have a material adverse impact on our financial condition and results of operations.

**Emerging digital assets and technologies may disrupt our business and adversely affect our results.**

Rapid innovation in financial technology - including stablecoins and other digital assets, distributed ledger technologies, real-time payment networks, embedded banking, and artificial intelligence - may change how consumers and businesses store value, make payments, access credit, and obtain financial services. These innovations could reduce our deposits (e.g., if customers hold value in stablecoins rather than bank accounts), compress or eliminate payment-related and interchange revenues, and increase competition from non-bank providers and larger technology firms with greater resources and scale. They may also require significant investments in systems, talent, cybersecurity, vendor oversight, and compliance, and expose us to new operational, fraud, liquidity, Bank Secrecy Act/anti-money laundering, consumer protection, and third-party risks. Legal and regulatory frameworks applicable to digital assets and related activities remain uncertain and may evolve rapidly; changes could restrict our ability to participate in or provide services to these markets, or increase our compliance costs and potential liabilities. If we are unable to adapt our products, pricing, and technology in a timely and cost-effective manner, or if customers migrate to alternative platforms, our growth, funding, net interest margin, fee income, and overall financial condition could be materially and adversely affected.

**Competitive product and pricing pressures among financial institutions within our markets may change.**

We operate in a very competitive environment, which is characterized by competition from a number of other financial institutions in each market in which we operate. We compete with large national and regional financial institutions and with smaller financial institutions, including credit unions, in terms of products and pricing. We also compete with fintech companies, securities brokerage firms, insurance companies, and other non-depository institutions with respect to some of

the products and services we offer. If we are unable to compete effectively in products and pricing in our markets, business could decline, which could have a material adverse effect on our business, financial condition or results of operations.

**Changes in customer behavior may adversely impact our business, financial condition and results of operations.**

We use a variety of methods to anticipate customer behavior as a part of our strategic planning and to meet certain regulatory requirements. Individual, economic, political, industry-specific conditions and other factors outside of our control, such as fuel prices, energy costs, real estate values or other factors that affect customer income levels, could alter predicted customer borrowing, repayment, investment and deposit practices. Such a change in these practices could materially adversely affect our ability to anticipate business needs and meet regulatory requirements.

Further, difficult economic conditions may negatively affect consumer confidence levels. A decrease in consumer confidence levels would likely aggravate the adverse effects of these difficult market conditions on us, our customers and others in the financial institutions industry.

**Our ability to maintain and expand customer relationships may differ from expectations.**

The financial services industry is very competitive. We not only vie for business opportunities with new customers, but also compete to maintain and expand the relationships we have with our existing customers. While we believe that we can continue to grow many of these relationships, we will continue to experience pressures to maintain these relationships as our competitors attempt to capture our customers, particularly as financial products and services similar to those we offer become more widely available and accessible via the internet and other technology. Failure to create new customer relationships and to maintain and expand existing customer relationships to the extent anticipated may adversely impact our earnings.

**Our ability to retain key officers and employees may change.**

Our future operating results depend substantially upon the continued service of our executive officers and key personnel. Our future operating results also depend in significant part upon our ability to attract and retain qualified management, financial, technical, marketing, sales and support personnel. Competition for qualified personnel is intense, and we cannot ensure success in attracting or retaining qualified personnel. There may be only a limited number of persons with the requisite skills to serve in these positions, and it may be increasingly difficult for us to hire personnel over time.

Further, our ability to retain key officers and employees may be impacted by legislation and regulation affecting the financial services industry. Our business, financial condition or results of operations could be materially adversely affected by the loss of any key employees, or our inability to attract and retain skilled employees.

**Catastrophic events, including, but not limited to, hurricanes, tornadoes, earthquakes, fires, floods, and pandemic outbreaks may adversely affect the general economy, financial and capital markets, specific industries, and us.**

We have significant operations and a significant customer base in Michigan where natural and other disasters may occur, such as tornadoes and floods. These types of natural catastrophic events at times have disrupted the local economy, our business, and our customers and have posed physical risks to our property. In addition, catastrophic events occurring in other regions of the world may have an impact on our customers and in turn, on us. A significant catastrophic event could materially adversely affect our operating results.

**Our failure to appropriately apply certain critical accounting policies could result in our misstatement of our financial results and condition.**

Accounting policies and processes are fundamental to how we record and report our financial condition and results of operations. We must exercise judgment in selecting and applying many of these accounting policies and processes so they comply with U.S. generally accepted accounting principles ("GAAP"). In some cases, we must select the accounting policy or method to apply from two or more alternatives, any of which may be reasonable under the circumstances, yet may result in our reporting materially different results than would have been reported under a different alternative.

We have identified certain accounting policies as being critical because they require us to make difficult, subjective or complex judgments about matters that are uncertain. Materially different amounts could be reported under different conditions or using different assumptions or estimates. We have established detailed policies and control procedures that are intended to ensure these critical accounting estimates and judgments are subject to internal controls and applied

consistently. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. Because of the uncertainty surrounding management's judgments and the estimates pertaining to these matters, we cannot guarantee that we will not be required to adjust accounting policies or restate prior period financial statements. See note #1, "Accounting Policies" in the Notes to Consolidated Financial Statements in our annual report, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders (filed as exhibit 13 to this report on Form 10-K).

#### ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

#### ITEM 1C. CYBERSECURITY

##### **Cybersecurity Risk Assessment, Identification, and Management Processes**

##### **Our cybersecurity processes have been integrated into our risk management system.**

We employ a comprehensive cybersecurity risk assessment program designed to evaluate threats, vulnerabilities, and the potential impact on our operations, data, and financial condition. This program is regularly reviewed and updated to address emerging risks. Our process for addressing risk is based on banking industry best practices outlined by the FFIEC and in National Institute of Standards and Technology ("NIST") frameworks.

##### **We engage various third-party service providers in connection with our cybersecurity processes.**

We routinely engage consultants and other third parties to assist in the continued improvement and maintenance of our cybersecurity risk assessment program. These engagements are designed to enhance our cybersecurity posture, and we work closely with these experts to help us identify and address risks and vulnerabilities. Examples of these engagements include third party security assessments, security monitoring, and program review.

##### **We closely oversee and monitor third-party cybersecurity service providers.**

We maintain policies and procedures to oversee and identify cybersecurity risks associated with our third-party service providers, especially those with access to customer and employee data. Our selection and oversight of these providers incorporate cybersecurity considerations, including contractual and other mechanisms to mitigate risks. Our third-party oversight process follows published best practices and frameworks from NIST and FFIEC to account for risks throughout the entire engagement with our third-party vendors.

We consistently engage in proactive measures aimed at preventing, detecting, and effectively minimizing the impact of cybersecurity incidents. We maintain an incident response plan to swiftly respond to breaches, protect customer data, and minimize disruption to our operations. The incident response process is consistently tested and reviewed through simulated incidents and tabletop exercises with key stakeholders. To bolster our incident response process, we have robust business continuity, contingency, and recovery plans to ensure operational resilience during a cybersecurity incident.

##### **We have not experienced a material cybersecurity breach, but risks from cybersecurity threats may impact our business strategy, results of operations, and financial condition.**

No risks from any current or previous cybersecurity threats have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition, except to the extent that such strategy, operations, and conditions are affected by our employment of the cybersecurity risk assessment programs and procedures discussed in this Item. We have not, as of the date of this filing, experienced a cybersecurity breach that has materially affected our business or financial condition. However, because our business involves the collection, transmission, and storage of sensitive customer and employee data, we are susceptible to various cybersecurity threats, including cyberattacks, unauthorized access, and similar events. We employ ongoing processes and strategies to guard against those threats, as discussed in this Item.

##### **Cybersecurity Governance**

We recognize the value and importance of cybersecurity and data protection and understand the potential harm to our business from cybersecurity incidents. Accordingly, we place a high priority on mitigating risks associated with cybersecurity threats and any cybersecurity incidents.

##### **Our Board of Directors and Chief Executive Officer, in collaboration with our Chief Operating Officer and Chief Risk Officer, oversee cybersecurity processes, risks, and threats.**

Rather than designate one specific board committee to cybersecurity risk management, our entire Board of Directors is responsible for overseeing our risk management. Our Chief Risk Officer is responsible for overseeing our risk management generally, working closely with our internal audit department. Our Chief Risk Officer regularly reports directly to the Board of Directors with respect to all areas of risk management.

With regard to cybersecurity specifically, we have a Chief Information Security Officer who reports directly to our Chief Operating Officer, with a dotted-line reporting relationship to our Chief Executive Officer, and collaborates regularly with our Chief Risk Officer and Risk Team. Our Chief Information Security Officer meets with the Chief Executive Officer on a standard cadence and chairs a committee focused on cybersecurity with monthly reports made to our Risk Committee. Minutes from these meetings as well as select materials are shared with the full Board of Directors, and our Chief Information Security Officer delivers an annual report to our Board of Directors.

In addition, our entire management team is actively engaged in assessing and managing material risks from cybersecurity threats. We have established a robust framework for identifying, preventing, mitigating, and remediating such risks.

**We have an extensive and experienced team responsible for cybersecurity risk management.**

Our current Chief Information Security Officer has a comprehensive information security background with over 20 years of experience in managing or assisting in managing cybersecurity risks across multiple industries with the majority of that experience at community banking institutions. Our Chief Information Security Officer holds multiple industry certifications from groups such as ISC2 and GIAC.

To support the Chief Information Security Officer in managing cybersecurity and our Chief Risk Officer in managing cybersecurity risks, we have established a cross-functional cybersecurity team that includes experts in various aspects of information security. This team of employees includes individuals with many years of prior combined work experience in cybersecurity and data protection. These individuals are responsible for the day-to-day implementation of our cybersecurity program, including providing immediate notice to our Chief Information Security Officer, Chief Operating Officer and our Chief Risk Officer of any potential cybersecurity incidents.

**We employ robust and comprehensive processes to respond to cybersecurity risks.**

We employ a comprehensive set of processes to monitor and mitigate cybersecurity risks. These processes include:

- a. 24x7x365 Security Alert Monitoring
- b. Network Monitoring
- c. Firewalls
- d. Vulnerability Assessment
- e. Internal and External Security Assessments
- f. Security Awareness Training Programs
- g. Identity Management
- h. Incident Response Plans
- i. Data Encryption

These processes are regularly reviewed and updated to adapt to evolving cybersecurity threats.

**Our cybersecurity personnel provide regular reports to the Board of Directors.**

As noted above, our Chief Risk Officer, Chief Information Security Officer, and cybersecurity team provide regular reports to the Board regarding cybersecurity risks, as well as a review of the processes described above. In particular, our Chief Risk Officer provides reports at every regularly scheduled Board meeting regarding our most material risks and the degree of exposure to these risks. Our management personnel are also required to provide more frequent updates to the Enterprise Risk Committee on major developments regarding cybersecurity matters. The Committee, in turn, provides regular updates to the Board on these matters.

**ITEM 2. PROPERTIES**

We and our bank operate a total of 79 facilities in Michigan and one leased facility in Ohio. We own 56 and lease 23 of the facilities in Michigan.

With the exception of the potential remodeling of certain facilities to provide for the efficient use of workspace or to maintain an appropriate appearance, each property is considered reasonably adequate for current and anticipated needs.

### ITEM 3. LEGAL PROCEEDINGS

We are involved in various litigation matters in the ordinary course of business, which currently include three putative class action complaints brought against the Bank alleging that its practice of charging overdraft and other fees was not consistent with the disclosures the Bank made to consumers. While these matters do not involve a claim for damages that requires disclosure under this Item, please see Note 11 – Commitments and Contingent Liabilities in the Notes to Consolidated Financial Statements in our annual report, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders (filed as exhibit 13 to this report on Form 10-K) for more information.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ADDITIONAL ITEM - EXECUTIVE OFFICERS

Our executive officers are appointed annually by our Board of Directors at the meeting of directors preceding the Annual Meeting of Shareholders. There are no family relationships among these officers and/or our directors nor any arrangement or understanding between any of these officers and any other person pursuant to which the officer was appointed.

The following sets forth certain information with respect to our executive officers at March 6, 2026.

| <u>Name (Age)</u>            | <u>Position</u>  | <u>First elected<br/>as an executive<br/>officer</u> |
|------------------------------|--|--|
| William B. Kessel (61)       | President, Chief Executive Officer and Director            | 2004   |
| Gavin A. Mohr (42)           | Executive Vice President and Chief Financial Officer       | 2020   |
| Stefanie M. Kimball (66)     | Executive Vice President and Chief Risk Officer            | 2007   |
| Joel Rahn (59)               | Executive Vice President, Commercial Banking               | 2021   |
| Larry R. Daniel (62)         | Executive Vice President, Operations and Retail Banking(1) | 2017   |
| Patrick J. Ervin (60)        | Executive Vice President, Mortgage Banking                 | 2017   |
| Christopher S. Michaels (59) | Executive Vice President, Chief Operating Officer(2)       | 2025   |
| Michael J. Stodolak (65)     | Executive Vice President, Retail Banking(3)                | 2026   |
| James J. Twarozynski (60)    | Senior Vice President and Chief Accounting Officer         | 2002   |

(1) Mr. Daniel is retiring from Independent Bank in March 2026.

(2) Mr. Michaels joined Independent Bank in February of 2012 as a part of our information and technology team and was promoted to Senior Vice President and Chief Information Officer in January, 2020. He was promoted to Executive Vice President and Chief Operating Officer in January, 2025.

(3) Mr. Stodolak joined Independent Bank in September of 2000 and has been leading the Bank's retail network and consumer lending program. He was promoted to Executive Vice President, Retail Banking on January 1, 2026.

## PART II.

### ITEM 5. MARKET FOR OUR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The information set forth under the caption "Quarterly Summary" in our annual report, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders (filed as exhibit 13 to this report on Form 10-K), is incorporated herein by reference.

We maintain 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 our 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 fourth quarter of 2025, we issued 348 shares of common stock to non-employee directors on a current basis and 1,847 shares of common stock to the trust for distribution to directors on a deferred basis. These shares were issued on October 1, 2025, representing aggregate fees of \$0.06 million. The shares issued on a current basis were issued at a price of \$30.98 per share and the shares to be issued on a deferred basis were issued at a price of \$27.88 per share, representing 90% of the fair value of the shares on the credit date. The per-share value used was the consolidated closing bid price per share of our common stock as of the date of issuance, as determined in accordance with NASDAQ Marketplace Rules. We 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.

#### ISSUER PURCHASES OF EQUITY SECURITIES

The following table shows certain information relating to purchases of common stock for the three- months ended December 31, 2025:

| Period        | Total Number of<br>Shares Purchased <sup>(1)</sup> | Average Price<br>Paid Per Share | Total Number of<br>Shares Purchased<br>as Part of a<br>Publicly<br>Announced Plan | Remaining<br>Number of<br>Shares Authorized<br>for Purchase<br>Under the Plan <sup>(2)</sup> |
|---------------|--|---------------------------------|---|--|
| October 2025  | —  | \$ —                            | —   | 833,992  |
| November 2025 | 81,735   | 32.76                           | 81,438  | 752,554  |
| December 2025 | 59,712   | 33.42                           | 59,667  | —  |
| Total         | 141,447  | \$ 37.37                        | 141,105   | —  |

(1) November and December include shares 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 of 297 shares and 45 shares, respectively.

(2) The share repurchase plan we had in place for 2025 was announced on December 17, 2024, and expired on December 31, 2025. It authorized the repurchase during 2025 of up to 1,100,000 shares of our outstanding common stock. On December 16, 2025, we announced our 2026 share repurchase plan, which authorizes us to buy back up to 1,100,000 shares of our outstanding common stock

### ITEM 6. [RESERVED]

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders (filed as exhibit 13 to this report on Form 10-K), is incorporated herein by reference.

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the caption "Asset/liability management" in our annual report, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders (filed as exhibit 13 to this report on Form 10-K), is incorporated herein by reference.

### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements and the independent auditor's report are set forth in our annual report, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders (filed as exhibit 13 to this report on Form 10-K), and are incorporated herein by reference.

Management's Annual Report on Internal Control Over Financial Reporting

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Financial Condition at December 31, 2025 and 2024

Consolidated Statements of Operations for the years ended December 31, 2025, 2024 and 2023

Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2025, 2024 and 2023

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2025, 2024 and 2023

Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023

Notes to Consolidated Financial Statements

The supplementary data required by this item set forth under the caption "Quarterly Financial Data (Unaudited)" in our annual report, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders (filed as exhibit 13 to this report on Form 10-K), is incorporated herein by reference.

The portions of our annual report, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders (filed as exhibit 13 to this report on Form 10-K), which are not specifically incorporated by reference as part of this Form 10-K are not deemed to be a part of this report.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

### ITEM 9A. CONTROLS AND PROCEDURES

1. 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 – 15e and 15d – 15e) as of the year ended December 31, 2025 (the "Evaluation Date"), have concluded that, as of such date, our disclosure controls and procedures were effective.

2. Internal Control Over Financial Reporting. "Management's Annual Report on Internal Control Over Financial Reporting" and our independent registered public accounting firm's audit of internal control over financial reporting as of December 31, 2025 included within the "Report of Independent Registered Public Accounting Firm," each as set forth in our annual report, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders (filed as exhibit 13 to this report on Form 10-K) are incorporated herein by reference.

#### ITEM 9B. OTHER INFORMATION

During the fourth quarter of 2025, 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 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

**DIRECTORS** - The information with respect to our directors set forth under the caption "Proposal I Submitted for Your Vote -- Election of Directors" in our definitive proxy statement, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders, is incorporated herein by reference.

**BENEFICIAL OWNERSHIP REPORTING** – The information set forth under the caption "Delinquent Section 16(a) Reports" in our definitive proxy statement, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders, is incorporated herein by reference.

**EXECUTIVE OFFICERS** - Reference is made to the additional item under Part I of this report on Form 10-K.

**CODE OF ETHICS** - We have adopted a "Code of Ethics for Chief Executive Officer and Senior Financial Officers" that applies to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and Controller. A copy of our Code of Ethics is posted on our website at [www.IndependentBank.com](http://www.IndependentBank.com), under Investor Relations, and a printed copy is available upon request by writing to our Chief Financial Officer, Independent Bank Corporation, 4200 East Beltline, Grand Rapids, Michigan 49525.

**CORPORATE GOVERNANCE** – Information relating to our audit committee, set forth under the captions "Board Committees and Functions" and "Determination of Independence of Board Members" in our definitive proxy statement, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders, is incorporated herein by reference.

**INSIDER TRADING POLICY** - Information relating to our insider trading policy, set forth under the caption "Insider Trading Policy" in our definitive proxy statement, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders, is incorporated herein by reference. A copy of our insider trading policy is filed as Exhibit 19 to this Annual Report on Form 10-K.

#### ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the captions "Executive Compensation," "Director Compensation," "Compensation Committee Interlocks and Insider Participation," and "Compensation Committee Report" in our definitive proxy statement, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders, is incorporated herein by reference.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information set forth under the captions "Voting Securities and Record Date", "Proposal I Submitted for Your Vote -- Election of Directors" and "Securities Ownership of Management" in our definitive proxy statement, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders, is incorporated herein by reference.

We maintain certain equity compensation plans under which our common stock is authorized for issuance to employees and directors, including our Deferred Compensation and Stock Purchase Plan for Non-employee Directors and our Long-Term Incentive Plan.

The following sets forth certain information regarding our equity compensation plans as of December 31, 2025.

| Plan Category   | (a)<br>Number of securities to be issued upon exercise of outstanding options, warrants and rights | (b)<br>Weighted-average exercise price of outstanding options, warrants and rights | (c)<br>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|---|--|--|--|
| Equity compensation plans approved by security holders    | 2,790  | \$ 13.43   | 302,157  |
| Equity compensation plan not approved by security holders | None   | N/A  | 46,656   |

The equity compensation plan not approved by security holders referenced above is our Deferred Compensation and Stock Purchase Plan for Non-employee Directors. This plan allows our non-employee directors to defer payment of all or a part of their director fees and to receive shares of common stock in lieu of cash for these fees. Under the plan, each non-employee director may elect to participate in a Current Stock Purchase Account, a Deferred Cash Investment Account, or a Deferred Stock Account. A Current Stock Purchase Account is credited with shares of our common stock having a fair market value equal to the fees otherwise payable. A Deferred Cash Investment Account is credited with an amount equal to the fees deferred and on each quarterly credit date with an appreciation factor that may not exceed the prime rate of interest charged by our bank. A Deferred Stock Account is credited with the amount of fees deferred and converted into stock units based on 90% of the fair market value of our common stock at the time of the deferral. Amounts in the Deferred Stock Account are credited with cash dividends and other distributions on our common stock. Fees credited to a Deferred Cash Investment Account or a Deferred Stock Account are deferred for income tax purposes. This plan does not provide for distributions of amounts deferred prior to a participant's termination as a non-employee director. Participants may generally elect either a lump sum or installment distribution.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information set forth under the captions "Transactions Involving Management" and "Determination of Independence of Board Members" in our definitive proxy statement, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders, is incorporated herein by reference.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information set forth under the caption "Disclosure of Fees Paid to our Independent Auditors" in our definitive proxy statement, to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders, is incorporated herein by reference.

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- (a)
1. Financial Statements  
All of our financial statements are incorporated herein by reference as set forth in the annual report to be delivered to shareholders in connection with the April 21, 2026 Annual Meeting of Shareholders (filed as exhibit 13 to this report on Form 10-K.)
  2. Exhibits (Numbered in accordance with Item 601 of Regulation S-K)  
The Exhibit Index is located below.

EXHIBIT INDEX

Exhibit number and description

EXHIBITS FILED HEREWITH

|                      |  |
|----------------------|--|
| <a href="#">13</a>   | Annual report, relating to the April 21, 2026 Annual Meeting of Shareholders. This annual report will be delivered to our shareholders in compliance with Rule 14(a)-3 of the Securities Exchange Act of 1934, as amended. |
| <a href="#">21</a>   | List of Subsidiaries.  |
| <a href="#">23</a>   | Consent of Independent Registered Public Accounting Firm (Crowe LLP).  |
| <a href="#">24</a>   | Power of Attorney (included on page <a href="#">27</a> ).  |
| <a href="#">31.1</a> | Certificate of the Chief Executive Officer of Independent Bank Corporation pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.  |
| <a href="#">31.2</a> | Certificate of the Chief Financial Officer of Independent Bank Corporation pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.  |
| <a href="#">32.1</a> | Certificate of the Chief Executive Officer of Independent Bank Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  |
| <a href="#">32.2</a> | Certificate of the Chief Financial Officer of Independent Bank Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  |

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)

## EXHIBITS INCORPORATED BY REFERENCE

|                       |  |
|-----------------------|--|
| <a href="#">3.1</a>   | Restated Articles of Incorporation (incorporated herein by reference to Exhibit 3.1 to our quarterly report on Form 10-Q filed November 3, 2017).  |
| <a href="#">3.2</a>   | Amended and Restated Bylaws (incorporated here by reference to Exhibit 3.2 to our annual report on Form 10-K filed March 7, 2017).   |
| <a href="#">4.1</a>   | Description of Registrant's Common Stock (incorporated here by reference to Exhibit 4 to our annual report on Form 10-K filed March 6, 2020).  |
| <a href="#">10.1*</a> | The form of Indemnity Agreement, as executed with all of the directors of the registrant (incorporated herein by reference to Exhibit 10.3 to the Form S-4 we filed on December 29, 2017).   |
| <a href="#">10.2*</a> | The form of Management Continuity Agreement as executed with executive officers and certain senior managers (incorporated herein by reference to Exhibit 10.4 to the Form S-4 we filed on December 29, 2017).                              |
| <a href="#">10.3*</a> | 2021 Independent Bank Corporation Long-Term Incentive Plan, effective April 20, 2021 (incorporated herein by reference to Appendix A to our proxy statement filed on Schedule 14A on March 5, 2021).                                       |
| <a href="#">10.4*</a> | Amended and Restated Deferred Compensation and Stock Purchase Plan for Nonemployee Directors, as amended through March 19, 2019 (incorporated herein by reference to Exhibit 10.1 to our quarterly report on Form 10-Q filed May 3, 2019). |
| <a href="#">10.5*</a> | Form of Restricted Share Agreement as executed with certain executive officers (incorporated herein by reference to Exhibit 10.9 to our annual report on Form 10-K filed March 7, 2025).   |
| <a href="#">10.6*</a> | Form of Performance Share Award Agreement as executed with certain executive officers (incorporated herein by reference to Exhibit 10.10 to our annual report on Form 10-K filed March 7, 2025).   |
| <a href="#">10.7*</a> | Summary of Independent Bank Corporation Management Incentive Compensation Plan (incorporated herein by reference to Exhibit 10.10 to our annual report on Form 10-K filed March 6, 2015).  |
| <a href="#">10.8*</a> | Executive Nonqualified Excess Plan, effective July 1, 2016 (incorporated herein by reference to Exhibit 10.11 to our annual report on Form 10-K filed March 7, 2025).  |
| <a href="#">19</a>    | Insider Trading Policy (incorporated herein by reference to Exhibit 19 to our annual report on Form 10-K filed March 7, 2025).   |
| <a href="#">97</a>    | Independent Bank Corporation Clawback Policy (incorporated herein by reference to Exhibit 97 to our annual report on Form 10-K filed March 8, 2024).   |

\*Represents a compensation plan.

## ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

INDEPENDENT BANK CORPORATION

s/Gavin A. Mohr

By: Gavin A. Mohr, Executive Vice President and Chief Financial  
Officer (Principal Financial Officer)

March 6, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. Each director whose signature appears below hereby appoints William B. Kessel and Gavin A. Mohr and each of them severally, as his or her attorney-in-fact, to sign in his or her name and on his or her behalf, as a director, and to file with the Securities and Exchange Commission any and all amendments to this Annual Report on Form 10-K.

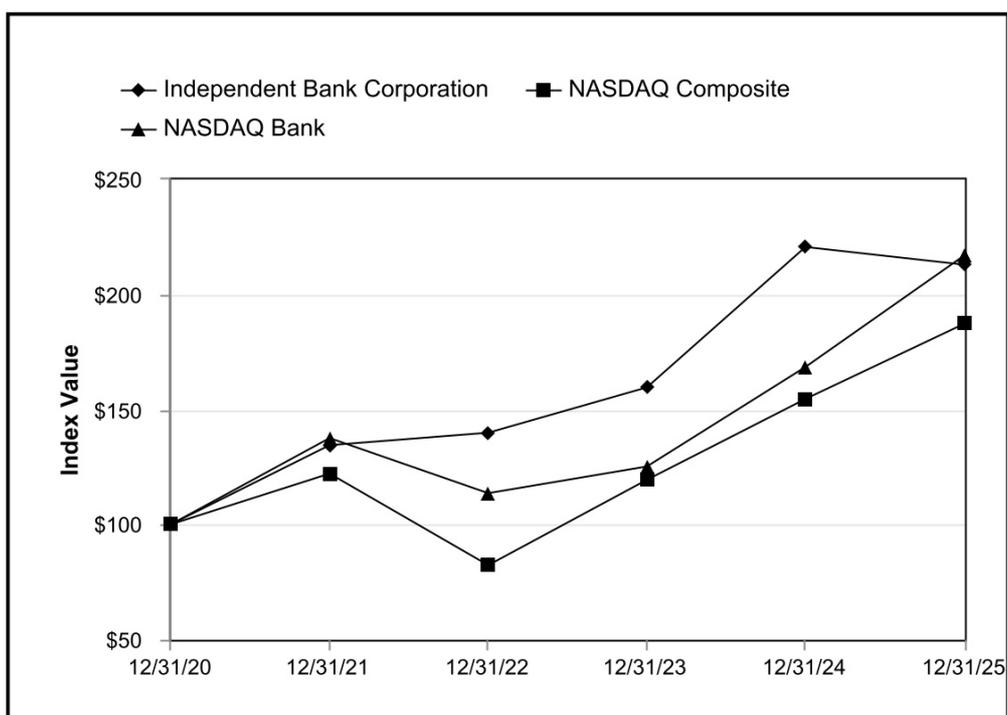
|   |                                |               |
|---|--------------------------------|---------------|
| William B. Kessel, President, Chief Executive Officer, and Director (Principal Executive Officer)       | <u>s/William B. Kessel</u>     | March 6, 2026 |
| Gavin A. Mohr, Executive Vice President and Chief Financial Officer (Principal Financial Officer)       | <u>s/Gavin A. Mohr</u>         | March 6, 2026 |
| James J. Twarozynski, Senior Vice President and Chief Accounting Officer (Principal Accounting Officer) | <u>s/James J. Twarozynski</u>  | March 6, 2026 |
| Stephen L. Gulis, Jr. Chairperson and Director  | <u>s/Stephen L. Gulis, Jr.</u> | March 6, 2026 |
| Dennis W. Archer, Jr., Director   | <u>s/Dennis W. Archer, Jr.</u> | March 6, 2026 |
| Terance L. Beia, Director   | <u>s/Terance L. Beia</u>       | March 6, 2026 |
| William J. Boer, Director   | <u>s/William J. Boer</u>       | March 6, 2026 |
| Joan A. Budden, Director  | <u>s/Joan A. Budden</u>        | March 6, 2026 |
| Michael J. Cok, Director  | <u>s/Michael J. Cok</u>        | March 6, 2026 |
| Christina L. Keller, Director   | <u>s/Christina L. Keller</u>   | March 6, 2026 |
| William B. Kessel, Director   | <u>s/William B. Kessel</u>     | March 6, 2026 |
| Ronia F. Kruse, Director  | <u>s/Ronia F. Kruse</u>        | March 6, 2026 |
| Michael G. Wooldridge   | <u>s/Michael G. Wooldridge</u> | March 6, 2026 |

|   |     |
|---|-----|
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| <b>Report of Independent Registered Public Accounting Firm</b>                                | 63  |
| <b>Consolidated Financial Statements</b>  | 66  |
| <b>Notes to Consolidated Financial Statements</b>   | 71  |
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**PERFORMANCE GRAPH**

The graph below compares the total returns (assuming reinvestment of dividends) of Independent Bank Corporation common stock, the NASDAQ Composite Index and the NASDAQ Bank Stock Index. The graph assumes \$100 invested in Independent Bank Corporation common stock (returns based on stock prices per the NASDAQ) and each of the indices on December 31, 2020, and the reinvestment of all dividends during the periods presented. The performance shown on the graph is not necessarily indicative of future performance.

**Independent Bank Corporation**



| Index                        | Period Ending |           |           |           |           |           |
|------------------------------|---------------|-----------|-----------|-----------|-----------|-----------|
|                              | 12/31/20      | 12/31/21  | 12/31/22  | 12/31/23  | 12/31/24  | 12/31/25  |
| Independent Bank Corporation | \$ 100.00     | \$ 134.19 | \$ 139.88 | \$ 159.44 | \$ 220.43 | \$ 212.57 |
| NASDAQ Composite             | 100.00        | 122.18    | 82.43     | 119.22    | 154.48    | 187.14    |
| NASDAQ Bank                  | 100.00        | 137.31    | 113.60    | 125.02    | 168.35    | 216.97    |

**SELECTED CONSOLIDATED FINANCIAL DATA**

|   | Year Ended December 31, |              |              |              |              |
|---|-------------------------|--------------|--------------|--------------|--------------|
|   | 2025                    | 2024         | 2023         | 2022         | 2021         |
| <b>(Dollars in thousands, except per share amounts)</b> |                         |              |              |              |              |
| <b>SUMMARY OF OPERATIONS</b>                            |                         |              |              |              |              |
| Interest income   | \$ 269,737              | \$ 266,776   | \$ 239,677   | \$ 169,008   | \$ 138,080   |
| Interest expense  | 89,722                  | 100,528      | 83,348       | 19,447       | 8,315        |
| Net interest income                                     | 180,015                 | 166,248      | 156,329      | 149,561      | 129,765      |
| Provision for credit losses                             | 6,135                   | 4,468        | 6,210        | 5,341        | (1,928)      |
| Net gains (losses) on securities available for sale     | (370)                   | (428)        | (222)        | (275)        | 1,411        |
| Other non-interest income                               | 46,014                  | 56,790       | 50,898       | 62,184       | 75,232       |
| Non-interest expense                                    | 138,233                 | 135,096      | 127,119      | 128,341      | 131,023      |
| Income before income tax                                | 81,291                  | 83,046       | 73,676       | 77,788       | 77,313       |
| Income tax expense                                      | 12,750                  | 16,256       | 14,609       | 14,437       | 14,418       |
| Net income  | \$ 68,541               | \$ 66,790    | \$ 59,067    | \$ 63,351    | \$ 62,895    |
| <b>PER COMMON SHARE DATA</b>                            |                         |              |              |              |              |
| Net income per common share                             |                         |              |              |              |              |
| Basic   | \$ 3.30                 | \$ 3.20      | \$ 2.82      | \$ 3.00      | \$ 2.91      |
| Diluted   | 3.27                    | 3.16         | 2.79         | 2.97         | 2.88         |
| Cash dividends declared and paid                        | 1.04                    | 0.96         | 0.92         | 0.88         | 0.84         |
| Book value  | 24.48                   | 21.76        | 19.41        | 16.50        | 18.82        |
| <b>SELECTED BALANCES</b>                                |                         |              |              |              |              |
| Assets  | \$ 5,505,720            | \$ 5,338,104 | \$ 5,263,726 | \$ 4,999,787 | \$ 4,704,740 |
| Loans   | 4,276,285               | 4,038,825    | 3,790,901    | 3,465,352    | 2,905,045    |
| Allowance for credit losses                             | 63,445                  | 59,379       | 54,658       | 52,435       | 47,252       |
| Deposits  | 4,761,682               | 4,654,088    | 4,622,879    | 4,379,069    | 4,117,090    |
| Shareholders' equity                                    | 502,951                 | 454,686      | 404,449      | 347,596      | 398,484      |
| Other borrowings  | 77,003                  | 45,009       | 50,026       | 86,006       | 30,009       |
| Subordinated debt                                       | —                       | 39,586       | 39,510       | 39,433       | 39,357       |
| Subordinated debentures                                 | 39,864                  | 39,796       | 39,728       | 39,660       | 39,592       |
| <b>SELECTED RATIOS</b>                                  |                         |              |              |              |              |
| Net interest income to average interest earning assets  | 3.56 %                  | 3.38 %       | 3.26 %       | 3.32 %       | 3.10 %       |
| Net income to   |                         |              |              |              |              |
| Average shareholders' equity                            | 14.43                   | 15.66        | 16.04        | 18.41        | 16.13        |
| Average assets  | 1.27                    | 1.27         | 1.15         | 1.31         | 1.41         |
| Average shareholders' equity to average assets          | 8.79                    | 8.14         | 7.20         | 7.13         | 8.73         |
| Tier 1 capital to average assets                        | 10.27                   | 9.85         | 9.03         | 8.86         | 8.79         |
| Non-performing loans to Portfolio Loans                 | 0.54                    | 0.15         | 0.14         | 0.11         | 0.18         |

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

*Disclaimer Regarding 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, 2025, 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 primary risks our management believes could materially affect the results described by forward-looking statements in this report. However, those risks are not 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.

*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 consolidated financial statements and the supplemental financial data contained elsewhere in this annual report. We also encourage you to read our 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 and also have one mortgage loan production facility in Ohio (Fairlawn). 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 in 2025 as compared to earlier periods.

## RESULTS OF OPERATIONS

*Summary.* We recorded net income of \$68.5 million, or \$3.27 per diluted share, in 2025, net income of \$66.8 million, or \$3.16 per diluted share, in 2024, and net income of \$59.1 million, or \$2.79 per diluted share, in 2023.

### KEY PERFORMANCE RATIOS

|                              | Year Ended December 31, |         |         |
|------------------------------|-------------------------|---------|---------|
|                              | 2025                    | 2024    | 2023    |
| Net income to                |                         |         |         |
| Average shareholders' equity | 14.43%                  | 15.66%  | 16.04%  |
| Average assets               | 1.27                    | 1.27    | 1.15    |
| Net income per common share  |                         |         |         |
| Basic                        | \$ 3.30                 | \$ 3.20 | \$ 2.82 |
| Diluted                      | 3.27                    | 3.16    | 2.79    |

*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 macroeconomic 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.

Net interest income totaled \$180.0 million during 2025, compared to \$166.2 million and \$156.3 million during 2024 and 2023, respectively. The increase in net interest income in 2025 compared to 2024 primarily reflects a \$159.9 million increase in average interest-earning assets and an 18 basis point increase in our tax equivalent net interest income as a percent of average interest-earning assets (the "net interest margin").

The increase in net interest income in 2024 compared to 2023 reflects a \$128.5 million increase in average interest-earning assets and a 12 basis point increase in our tax equivalent net interest income as a percent of average interest-earning assets (the "net interest margin").

The increase in average interest-earning assets during 2025 and 2024 primarily reflects growth in commercial and mortgage loans. The growth in both years was funded primarily by an increase in deposits and decreases in securities AFS, securities HTM and installment loans.

The 18 basis point increase in the net interest margin during 2025 as compared to 2024 primarily reflects a 27 basis point decrease in interest expense as a percent of average interest-earning assets ("Cost of Funds") which was partially

offset by a nine basis point decrease in interest income as a percent of average interest-earning assets ("Asset Yield"). 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.

The 12 basis point increase in the net interest margin during 2024 as compared to 2023 primarily reflects a 42 basis point increase in our Asset Yield which was partially offset by a 30 basis point increase in our Cost of Funds. These increases are primarily attributed to the impact of federal funds rate increases during this period as well as a change in the mix of earnings assets and funding liabilities. During 2024 we saw a shift in earning assets from securities AFS and HTM and overnight cash balances to commercial and mortgage loans. In addition our funding mix had seen additional shifting from non-interest bearing deposits to interest-bearing deposits and an increase in time deposits.

Our net interest income is also impacted by our level of non-accrual loans. Average non-accrual loans totaled \$12.6 million, \$4.6 million and \$4.8 million in 2025, 2024 and 2023, respectively.

## AVERAGE BALANCES AND RATES

|   | 2025            |            |        | 2024            |            |        | 2023            |            |        |
|---|-----------------|------------|--------|-----------------|------------|--------|-----------------|------------|--------|
|   | Average Balance | Interest   | Rate   | Average Balance | Interest   | Rate   | Average Balance | Interest   | Rate   |
| (Dollars in thousands)  |                 |            |        |                 |            |        |                 |            |        |
| <b>ASSETS</b>   |                 |            |        |                 |            |        |                 |            |        |
| Taxable loans   | \$ 4,153,322    | \$ 238,524 | 5.74%  | \$ 3,882,822    | \$ 228,229 | 5.88%  | \$ 3,624,406    | \$ 197,462 | 5.45%  |
| Tax-exempt loans <sup>(1)</sup>                                     | 7,472           | 391        | 5.23   | 8,597           | 451        | 5.25   | 6,855           | 333        | 4.86   |
| Taxable securities  | 584,279         | 15,005     | 2.57   | 652,772         | 18,883     | 2.89   | 771,121         | 23,314     | 3.02   |
| Tax-exempt securities <sup>(1)</sup>                                | 258,328         | 12,646     | 4.90   | 294,443         | 13,907     | 4.72   | 317,553         | 14,039     | 4.42   |
| Interest bearing cash   | 89,077          | 3,837      | 4.31   | 94,621          | 5,013      | 5.30   | 83,587          | 4,416      | 5.28   |
| Other investments   | 17,077          | 1,119      | 6.55   | 16,363          | 1,195      | 7.30   | 17,557          | 1,013      | 5.77   |
| Interest earning assets   | 5,109,555       | 271,522    | 5.32   | 4,949,618       | 267,678    | 5.41   | 4,821,079       | 240,577    | 4.99   |
| Cash and due from banks   | 55,859          |            |        | 55,309          |            |        | 58,473          |            |        |
| Other assets, net   | 236,027         |            |        | 235,025         |            |        | 236,072         |            |        |
| Total assets  | \$ 5,401,441    |            |        | \$ 5,239,952    |            |        | \$ 5,115,624    |            |        |
| <b>LIABILITIES</b>  |                 |            |        |                 |            |        |                 |            |        |
| Savings and interest-bearing checking                               | \$ 2,854,237    | 51,474     | 1.80   | \$ 2,727,778    | 57,571     | 2.11   | \$ 2,564,097    | 44,728     | 1.74   |
| Time deposits   | 877,414         | 32,024     | 3.65   | 815,815         | 35,123     | 4.31   | 785,684         | 30,347     | 3.86   |
| Other borrowings  | 86,527          | 6,224      | 7.19   | 118,282         | 7,834      | 6.62   | 128,945         | 8,273      | 6.42   |
| Interest bearing liabilities  | 3,818,178       | 89,722     | 2.35   | 3,661,875       | 100,528    | 2.75   | 3,478,726       | 83,348     | 2.40   |
| Non-interest bearing deposits                                       | 999,302         |            |        | 1,047,843       |            |        | 1,164,816       |            |        |
| Other liabilities   | 109,133         |            |        | 103,622         |            |        | 103,721         |            |        |
| Shareholders' equity  | 474,828         |            |        | 426,612         |            |        | 368,361         |            |        |
| Total liabilities and shareholders' equity                          | \$ 5,401,441    |            |        | \$ 5,239,952    |            |        | \$ 5,115,624    |            |        |
| Net interest income   |                 | \$ 181,800 |        |                 | \$ 167,150 |        |                 | \$ 157,229 |        |
| Net interest income as a percent of average interest earning assets |                 |            | 3.56 % |                 |            | 3.38 % |                 |            | 3.26 % |

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

**RECONCILIATION OF NET INTEREST MARGIN, FULLY TAXABLE EQUIVALENT ("FTE")**

|  | Year Ended December 31, |                   |                   |
|--|-------------------------|-------------------|-------------------|
|  | 2025                    | 2024              | 2023              |
|  | (Dollars in thousands)  |                   |                   |
| Net interest income                      | \$ 180,015              | \$ 166,248        | \$ 156,329        |
| Add: taxable equivalent adjustment       | 1,785                   | 902               | 900               |
| Net interest income - taxable equivalent | <u>\$ 181,800</u>       | <u>\$ 167,150</u> | <u>\$ 157,229</u> |
| Net interest margin (GAAP)               | <u>3.52 %</u>           | <u>3.36 %</u>     | <u>3.24 %</u>     |
| Net interest margin (FTE)                | <u>3.56 %</u>           | <u>3.38 %</u>     | <u>3.26 %</u>     |

**CHANGE IN NET INTEREST INCOME**

|  | 2025 compared to 2024 |                 |                  | 2024 compared to 2023 |                 |                 |
|--|-----------------------|-----------------|------------------|-----------------------|-----------------|-----------------|
|  | Volume                | Rate            | Net              | Volume                | Rate            | Net             |
|  | (In thousands)        |                 |                  |                       |                 |                 |
| Increase (decrease) in interest income <sup>(1)</sup>  |                       |                 |                  |                       |                 |                 |
| Taxable loans  | \$ 15,625             | \$ (5,330)      | \$ 10,295        | \$ 14,606             | \$ 16,161       | \$ 30,767       |
| Tax-exempt loans <sup>(2)</sup>                        | (59)                  | (1)             | (60)             | 90                    | 28              | 118             |
| Taxable securities                                     | (1,874)               | (2,004)         | (3,878)          | (3,458)               | (973)           | (4,431)         |
| Tax-exempt securities <sup>(2)</sup>                   | (1,754)               | 493             | (1,261)          | (1,058)               | 926             | (132)           |
| Interest bearing cash                                  | (281)                 | (895)           | (1,176)          | 585                   | 12              | 597             |
| Other investments                                      | 51                    | (127)           | (76)             | (73)                  | 255             | 182             |
| Total interest income                                  | <u>11,708</u>         | <u>(7,864)</u>  | <u>3,844</u>     | <u>10,692</u>         | <u>16,409</u>   | <u>27,101</u>   |
| Increase (decrease) in interest expense <sup>(1)</sup> |                       |                 |                  |                       |                 |                 |
| Savings and interest bearing checking                  | 2,575                 | (8,672)         | (6,097)          | 2,995                 | 9,848           | 12,843          |
| Time deposits  | 2,518                 | (5,617)         | (3,099)          | 1,197                 | 3,579           | 4,776           |
| Other borrowings                                       | (2,240)               | 630             | (1,610)          | (700)                 | 261             | (439)           |
| Total interest expense                                 | <u>2,853</u>          | <u>(13,659)</u> | <u>(10,806)</u>  | <u>3,492</u>          | <u>13,688</u>   | <u>17,180</u>   |
| Net interest income                                    | <u>\$ 8,855</u>       | <u>\$ 5,795</u> | <u>\$ 14,650</u> | <u>\$ 7,200</u>       | <u>\$ 2,721</u> | <u>\$ 9,921</u> |

(1) The change in interest due to changes in both balance and rate has been allocated to change due to balance and change due to rate in proportion to the relationship of the absolute dollar amounts of change in each.

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

**COMPOSITION OF AVERAGE INTEREST EARNING ASSETS AND INTEREST BEARING LIABILITIES**

|   | Year Ended December 31, |        |        |
|---|-------------------------|--------|--------|
|   | 2025                    | 2024   | 2023   |
| As a percent of average interest earning assets |                         |        |        |
| Loans   | 81.4%                   | 78.6%  | 75.3%  |
| Other interest earning assets                   | 18.6                    | 21.4   | 24.7   |
| Average interest earning assets                 | 100.0%                  | 100.0% | 100.0% |
| Savings and interest-bearing checking           | 55.9%                   | 55.1%  | 53.2%  |
| Time deposits                                   | 17.2                    | 16.5   | 16.3   |
| Other borrowings                                | 1.6                     | 2.4    | 2.7    |
| Average interest bearing liabilities            | 74.7%                   | 74.0%  | 72.2%  |
| Earning asset ratio                             | 94.6%                   | 94.5%  | 94.2%  |
| Free-funds ratio <sup>(1)</sup>                 | 25.3                    | 26.0   | 27.8   |

(1) Average interest earning assets less average interest bearing liabilities.

*Provision for credit losses.* The provision for credit losses was an expense of \$6.1 million, \$4.5 million and \$6.2 million in 2025, 2024, and 2023, 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 and securities HTM, additional provisions for related losses may be necessary based on changes in economic conditions, customer circumstances and other credit risk factors. The increase in the provision for credit losses in 2025 compared to 2024 was primarily due to increases in provision in the installment and commercial loan portfolios as well as the provision for unfunded lending commitments that were partially offset by a decrease in the provision in the mortgage portfolio and a lower subjective allocation rate. The decrease in the provision for credit losses in 2024 compared to 2023 was primarily due to a loss incurred on a \$3.0 million corporate security HTM (Signature Bank) that defaulted and was fully charged off during the first quarter of 2023 and a recovery on that same security HTM during the first quarter of 2024 that was partially offset by an increase in provision in the commercial and mortgage loan portfolios. 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 and note #19 to the Consolidated Financial Statements included within this report for a discussion on industry concentrations.

*Non-interest income.* Non-interest income is a significant element in assessing our results of operations. Non-interest income totaled \$45.6 million during 2025 compared to \$56.4 million and \$50.7 million during 2024 and 2023, respectively.

**NON-INTEREST INCOME**

|                                      | Year Ended December 31, |           |           |
|--------------------------------------|-------------------------|-----------|-----------|
|                                      | 2025                    | 2024      | 2023      |
| (In thousands)                       |                         |           |           |
| Interchange income                   | \$ 13,860               | \$ 13,992 | \$ 13,996 |
| Service charges on deposit accounts  | 12,022                  | 11,870    | 12,361    |
| Net gains (losses) on assets         |                         |           |           |
| Mortgage loans                       | 6,780                   | 6,579     | 7,436     |
| Equity securities at fair value      | —                       | 2,685     | —         |
| Securities available for sale        | (370)                   | (428)     | (222)     |
| Mortgage loan servicing, net         | 827                     | 9,447     | 4,626     |
| Investment and insurance commissions | 3,510                   | 3,268     | 3,456     |
| Bank owned life insurance            | 1,187                   | 834       | 474       |
| Other                                | 7,828                   | 8,115     | 8,549     |
| Total non-interest income            | \$ 45,644               | \$ 56,362 | \$ 50,676 |

Service charges on deposit accounts totaled \$12.0 million in 2025, as compared to \$11.9 million in 2024 and \$12.4 million during 2023. The increase in 2025 relative to the prior year was primarily due to increases in fees related to our commercial treasury management services. The decrease in 2024 relative to the prior year was primarily due to a decrease in non-sufficient funds occurrences (and related fees).

We realized net gains of \$6.8 million on mortgage loans sold during 2025, compared to \$6.6 million and \$7.4 million during 2024 and 2023, respectively. As reflected in the table below, the sale of mortgage loans decreased from both 2024 and 2023. Mortgage loan activity is summarized as follows:

## MORTGAGE LOAN ACTIVITY

|   | Year Ended December 31, |            |            |
|---|-------------------------|------------|------------|
|   | 2025                    | 2024       | 2023       |
|   | (Dollars in thousands)  |            |            |
| Mortgage loans originated   | \$ 535,442              | \$ 518,256 | \$ 554,461 |
| Mortgage loans sold <sup>(1)</sup>                                  | 365,743                 | 395,617    | 407,613    |
| Net gains on mortgage loans <sup>(2)</sup>                          | 6,780                   | 6,579      | 7,436      |
| Net gains as a percent of mortgage loans sold ("Loan Sales Margin") | 1.85 %                  | 1.66 %     | 1.82 %     |
| Fair value adjustments included in the Loan Sales Margin            | 0.25                    | 0.13       | 0.62       |

(1) 2025 includes the sale of \$22.2 million of portfolio residential fixed rate and adjustable rate mortgage loans. 2024 includes the sale of \$20.8 million of portfolio residential fixed rate mortgage loans. 2023 includes the sale of \$56.7 million of portfolio residential fixed rate and adjustable rate mortgage loans.

(2) Net gains on mortgage loans in 2025, 2024, and 2023, include net gains (losses) of \$0.41 million, \$0.42 million, and \$(0.14) million, respectively, from portfolio loan transactions.

Mortgage loans originated increased in 2025 as compared to 2024 as generally lower mortgage loan interest rates had a generally positive impact on mortgage loan demand. Mortgage loans originated decreased in 2024 as compared to 2023 as higher mortgage loan interest rates negatively impacted mortgage loan demand. Excluding the sale of portfolio residential mortgage loans, the change in the volume of loans sold relative to origination volume in each of these years is due in part to the mix of (salable versus portfolio) origination volume.

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 increased in 2025 as compared to 2024 due to an increase in the Loan Sales Margin due in part to an increase in fair value adjustments relating to mortgage banking derivatives and loans originated under the fair value option (see notes #16 and #21). Net gains on mortgage loans decreased in 2024 as compared to 2023 primarily due to the decrease in the Loan Sales Margin which was favorably impacted by fair value adjustments on certain unhedged construction loans originated under the fair value option during 2023 as a result of the significant increase in interest rates during that period. These favorable adjustments were much less during 2024.

Gain on equity securities at fair value totaled \$2.7 million during 2024. This gain is 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 sell our Visa Class C common stock (as it was convertible into publicly traded Visa Class A common stock) while the Visa Class B-2 common stock continues to be held and carried at zero. See note #11 to the Consolidated Financial Statements.

We generated net losses on securities AFS of \$(0.37) million, \$(0.43) million and \$(0.22) million in 2025, 2024 and 2023, respectively. These net losses were due to the sales of securities as outlined in the table below. We recorded no credit related charges in 2025, 2024 or 2023 for securities AFS. See "Securities" below and note #3 to the Consolidated Financial Statements.

## GAINS AND LOSSES ON SECURITIES

|      | Year Ended December 31, |       |        |          |
|------|-------------------------|-------|--------|----------|
|      | Proceeds                | Gains | Losses | Net      |
|      | (In thousands)          |       |        |          |
| 2025 | \$ 32,193               | \$ 44 | \$ 414 | \$ (370) |
| 2024 | 39,517                  | 14    | 442    | (428)    |
| 2023 | 278                     | —     | 222    | (222)    |

Mortgage loan servicing, net, generated income of \$0.8 million in 2025 compared to income of \$9.4 million and \$4.6 million in 2024 and 2023, 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 mortgage loan interest rates and expected future prepayment levels and expected float rates as well as the sale of approximately \$931.6 million of capitalized mortgage loan servicing rights in January 2025. Mortgage loan servicing, net activity is summarized in the following table:

## MORTGAGE LOAN SERVICING ACTIVITY

|   | 2025           | 2024     | 2023     |
|---|----------------|----------|----------|
|   | (In thousands) |          |          |
| Mortgage loan servicing:                    |                |          |          |
| Revenue, net                                | \$ 6,801       | \$ 8,914 | \$ 8,828 |
| Fair value change due to price              | (2,168)        | 4,540    | (280)    |
| Fair value change due to pay-downs          | (3,573)        | (4,007)  | (3,922)  |
| Loss on sale of originated servicing rights | (233)          | —        | —        |
| Total                                       | \$ 827         | \$ 9,447 | \$ 4,626 |

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

## CAPITALIZED MORTGAGE LOAN SERVICING RIGHTS

|   | 2025           | 2024      | 2023      |
|---|----------------|-----------|-----------|
|   | (In thousands) |           |           |
| Balance at January 1,                           | \$ 46,796      | \$ 42,243 | \$ 42,489 |
| Originated servicing rights capitalized         | 3,494          | 4,020     | 3,956     |
| Change in fair value                            | (5,741)        | 533       | (4,202)   |
| Sale of originated servicing rights (1)         | (12,823)       | —         | —         |
| Loss on sale of originated servicing rights (1) | (233)          | —         | —         |
| Balance at December 31,                         | \$ 31,493      | \$ 46,796 | \$ 42,243 |

(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 \$0.1 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 were expensed in 2025.

At December 31, 2025, we were servicing approximately \$2.6 billion in mortgage loans for others on which servicing rights have been capitalized. This servicing portfolio had a weighted average coupon rate of 4.52% and a weighted average service fee of approximately 0.26 basis points. Remaining capitalized mortgage loan servicing rights at December 31, 2025 totaled \$31.5 million, representing approximately 121 basis points on the related amount of mortgage loans serviced for others.

Investment and insurance commissions totaled \$3.5 million in 2025 as compared to \$3.3 million and \$3.5 million in 2024 and 2023. The increase in revenue in 2025 as compared to 2024 was due to higher sales volume and an increase in fee

based revenue while the decrease in revenue in 2024 as compared to 2023 was primarily due to lower sales volume and a decrease in fee based revenue.

We earned \$1.2 million, \$0.8 million and \$0.5 million in 2025, 2024 and 2023, respectively, on our separate account bank owned life insurance principally as a result of increases in the cash surrender value. Our separate account is primarily invested in agency mortgage-backed securities and managed by a fixed income investment manager. The crediting rate (on which the earnings are based) reflects the performance of the separate account. The changes in earnings in each year is due to changes in the crediting rate. The total cash surrender value of our bank owned life insurance was \$53.8 million and \$53.9 million at December 31, 2025 and 2024, respectively.

Non-interest income - other totaled \$7.8 million, \$8.1 million and \$8.5 million in 2025, 2024 and 2023, respectively. Non-interest income - other decreased in 2025 as compared to 2024 and 2024 as compared to 2023 due primarily to lower gains on sale of bank properties and a decrease in certain electronic banking fees we discontinued during 2024.

*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 totaled \$138.2 million in 2025, \$135.1 million in 2024, and \$127.1 million in 2023. Increases in compensation, payroll taxes and employee benefits, data processing, occupancy, loan and collection and other expense that were partially offset by decreases in performance-based compensation and furniture fixtures and equipment are primarily responsible for the increase in 2025 compared to 2024. Increases in performance-based compensation, compensation, data processing, advertising, legal and professional and loan and collection that were partially offset by decreases in communications and costs (recoveries) related to unfunded lending commitments are primarily responsible for the increase in 2024 compared to 2023. The components of non-interest expense are as follows:

## NON-INTEREST EXPENSE

|  | Year ended December 31, |                   |                   |
|--|-------------------------|-------------------|-------------------|
|  | 2025                    | 2024              | 2023              |
|  | (In thousands)          |                   |                   |
| Compensation   | \$ 54,607               | \$ 53,389         | \$ 52,502         |
| Performance-based compensation                                 | 14,799                  | 16,138            | 11,064            |
| Payroll taxes and employee benefits                            | 15,788                  | 15,428            | 15,399            |
| Compensation and employee benefits                             | 85,194                  | 84,955            | 78,965            |
| Data processing  | 14,788                  | 13,579            | 11,862            |
| Occupancy, net   | 8,567                   | 7,806             | 7,908             |
| Interchange expense  | 4,641                   | 4,504             | 4,332             |
| Furniture, fixtures and equipment                              | 3,467                   | 3,762             | 3,756             |
| Advertising  | 3,211                   | 3,058             | 2,165             |
| FDIC deposit insurance   | 2,824                   | 2,870             | 3,005             |
| Loan and collection  | 2,737                   | 2,474             | 2,174             |
| Legal and professional   | 2,448                   | 2,566             | 2,208             |
| Communications   | 1,997                   | 2,095             | 2,406             |
| Taxes, licenses and fees                                       | 1,266                   | 1,202             | 979               |
| Director fees  | 1,028                   | 949               | 951               |
| Amortization of intangible assets                              | 487                     | 516               | 547               |
| Provision (recovery) for loss reimbursement on sold loans      | (35)                    | 28                | 20                |
| Net (gains) losses on other real estate and repossessed assets | (46)                    | (170)             | 19                |
| Other  | 5,659                   | 4,902             | 5,822             |
| Total non-interest expense                                     | <u>\$ 138,233</u>       | <u>\$ 135,096</u> | <u>\$ 127,119</u> |

Compensation expense, which is primarily salaries, totaled \$54.6 million, \$53.4 million and \$52.5 million in 2025, 2024 and 2023, respectively. The comparative increase in 2025 to 2024 is primarily due to salary increases that were predominantly effective on January 1, 2025 and additions to our commercial lending team which were partially offset by an increase in deferred loan origination costs due primarily to higher commercial and mortgage loan volume as well as increases in per loan origination costs. The comparative increase in 2024 to 2023 is primarily due to salary increases that were predominantly effective on January 1, 2024 and additions to our commercial lending team which were partially offset by staffing efficiency initiatives in our retail lending and branch network as well as an increase in deferred loan origination costs due in part to higher mortgage loan volume.

Performance-based compensation expense totaled \$14.8 million, \$16.1 million and \$11.1 million in 2025, 2024 and 2023, respectively. The variances between each respective period were primarily due to actual performance relative to the established incentive plan targets in our annual cash incentive award plans.

In addition to commissions and cash incentive awards, we also maintain performance-based equity compensation plans. Such plans include an ESOP and a long-term equity incentive plan. Total compensation expense recognized for grants pursuant to our long-term incentive plan was \$2.5 million, \$2.1 million and \$1.9 million in 2025, 2024 and 2023, respectively. In each of those three years, we granted both restricted stock and performance share awards under the plan.

Payroll taxes and employee benefits expense totaled \$15.8 million, \$15.4 million and \$15.4 million in 2025, 2024 and 2023, respectively. The increase in 2025 compared to 2024 is due to higher education, recruiting and general employee related costs that were partially offset by a decrease in medical insurance costs.

Data processing expenses totaled \$14.8 million, \$13.6 million, and \$11.9 million in 2025, 2024 and 2023, respectively. The increase in 2025 compared to 2024 and 2024 compared to 2023 are primarily due to annual asset based and consumer price index based cost increases and new solutions implemented during these time frames.

Occupancy, net totaled \$8.6 million, \$7.8 million, and \$7.9 million in 2025, 2024 and 2023, respectively. The increase in 2025 compared to 2024 is due in part to strategic location additions as well as higher seasonal related maintenance costs.

Advertising totaled \$3.2 million, \$3.1 million, and \$2.2 million in 2025, 2024 and 2023, respectively. The increase in 2024 compared to 2023 is due primarily to modifications in strategic marketing spend as well as costs related to certain website redesign initiatives.

Legal and professional totaled \$2.4 million, \$2.6 million, and \$2.2 million in 2025, 2024 and 2023, respectively. The increase in 2024 compared to 2023 is due in part to fees relating to strategic location additions, higher bank exam fees due to asset growth as well as general corporate projects and initiatives.

Loan and collection expenses reflect costs related to new lending activity as well as the management and collection of non-performing loans and other problem credits. These expenses totaled \$2.7 million, \$2.5 million and \$2.2 million in 2025, 2024 and 2023, respectively. These costs increased in 2025 from 2024 due in part to a higher level of non performing loans in 2025. These costs increased in 2024 compared to 2023 due in part to lower recoveries of previously expensed amounts.

Communications totaled \$2.0 million, \$2.1 million, and \$2.4 million in 2025, 2024 and 2023, respectively. The decrease in 2024 compared to 2023 is primarily due to lower telephony and networking related costs.

Other expenses totaled \$5.7 million, \$4.9 million and \$5.8 million in 2025, 2024 and 2023, respectively. The increase in 2025 compared to 2024 is due to higher travel and entertainment related costs, lower recoveries related to unfunded lending commitments (beginning in the fourth quarter of 2025 these expenses/recoveries are now being included in the provision for credit losses), higher director retainer fees and higher Michigan Corporate Income Tax which is a non-income based tax. The decrease in 2024 compared to 2023 is primarily due to lower costs related to unfunded lending commitments related primarily to a decrease in the amount of unfunded lending commitments.

*Income tax expense.* We recorded an income tax expense of \$12.8 million, \$16.3 million and \$14.6 million in 2025, 2024 and 2023, respectively. Our actual federal income tax expense is different than the amount computed by applying our statutory federal income tax rate to our pre-tax income primarily due to tax-exempt interest income, share based compensation, tax-exempt income from the increase in the cash surrender value on life insurance and certain tax credits.

In December, 2025, we executed a Tax Credit Transfer Agreement (TCTA) whereby we have agreed to purchase \$22.9 million of 2025 Section 48 tax credits at a purchase price of 92% of the tax credit amount. The purchase price of \$21.1 million was paid by us to the seller, an independent third party on January 15, 2026. We plan to utilize the purchased tax credits of \$22.9 million to offset amounts that otherwise would be due and payable to the IRS for 2025 and prior tax years. The accounting treatment at December 31, 2025 is an increase in income tax receivable from the Internal Revenue Service ("IRS") of \$22.9 million (recorded in Accrued income and other assets in the Consolidated Statements of Financial Condition), a liability to the seller of \$21.1 million (recorded in Accrued expenses and other liabilities in the Consolidated Statements of Financial Condition), and a reduction to income tax expense of \$1.8 million in the Consolidated Statements of Operations for the year ending December 31, 2025. The \$21.1 million liability to the seller was paid on January 15, 2026.

We assess whether a valuation allowance should be established against our deferred tax asset, net ("DTA") 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 December 31, 2025 and 2024 that the realization of substantially all of our DTA continues to be more likely than not. See note #13 to the Consolidated Financial Statements included within this report for more information.

## FINANCIAL CONDITION

*Summary.* Our total assets increased to \$5.51 billion at December 31, 2025, compared to \$5.34 billion at December 31, 2024, primarily due to growth in commercial loans. Loans, excluding loans held for sale ("Portfolio Loans"), totaled \$4.28 billion and \$4.04 billion at December 31, 2025 and December 31, 2024, respectively. Commercial loans increased by \$276.2 million.

Deposits totaled \$4.76 billion at December 31, 2025, compared to \$4.65 billion at December 31, 2024. The \$107.6 million increase in deposits is primarily due to growth in savings and interest bearing checking deposits, reciprocal deposits and time deposits that was partially offset by a decline in non-interest bearing deposits and brokered time 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 and trust preferred securities. 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. 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").

### SECURITIES AFS

|                   | Amortized<br>Cost | Unrealized |           | Fair<br>Value |
|-------------------|-------------------|------------|-----------|---------------|
|                   |                   | Gains      | Losses    |               |
| (In thousands)    |                   |            |           |               |
| Securities AFS    |                   |            |           |               |
| December 31, 2025 | \$ 546,863        | \$ 430     | \$ 51,384 | \$ 495,909    |
| December 31, 2024 | 621,588           | 343        | 62,749    | 559,182       |

**SECURITIES HTM**

|                   | Carrying Value | Transferred Unrealized Loss (1) | ACL   | Amortized Cost<br>(In thousands) | Unrecognized |           | Fair Value |
|-------------------|----------------|---------------------------------|-------|----------------------------------|--------------|-----------|------------|
|                   |                |                                 |       |                                  | Gains        | Losses    |            |
| Securities HTM    |                |                                 |       |                                  |              |           |            |
| December 31, 2025 | \$ 309,523     | \$ 12,982                       | \$ 92 | \$ 322,597                       | \$ 36        | \$ 39,803 | \$ 282,830 |
| 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 earnings. 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 (loss), net of applicable taxes. No ACL for securities AFS was needed at December 31, 2025 and 2024. The decrease in unrealized losses during 2025 is primarily attributed to a decrease in interest rates since December 31, 2024. See note #3 to the 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 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 \$3.0 million provision for credit losses and a corresponding 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 Consolidated Financial Statements included within this report for further discussion.

**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 for net proceeds of \$2.685 million. See note #11 to the 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”).

## LOAN PORTFOLIO SEGMENTS

The following table summarizes each loan portfolio segment by (1) scheduled repayments and (2) predetermined (fixed) interest rate and/or adjustable (variable) interest rate at December 31, 2025:

|                                     | Commercial          | Mortgage            | Installment       | Total               |
|-------------------------------------|---------------------|---------------------|-------------------|---------------------|
|                                     | (In thousands)      |                     |                   |                     |
| Due in one year or less             | \$ 223,767          | \$ 58               | \$ 2,202          | \$ 226,027          |
| Due after one but within five years | 556,128             | 2,273               | 53,632            | 612,033             |
| Due after five but within 15 years  | 1,392,433           | 92,552              | 311,449           | 1,796,434           |
| Due after 15 years                  | 41,229              | 1,429,938           | 170,624           | 1,641,791           |
|                                     | <u>\$ 2,213,557</u> | <u>\$ 1,524,821</u> | <u>\$ 537,907</u> | <u>\$ 4,276,285</u> |
| Fixed rate                          | \$ 842,923          | \$ 814,087          | \$ 533,050        | \$ 2,190,060        |
| Variable rate                       | 1,370,634           | 710,734             | 4,857             | 2,086,225           |
|                                     | <u>\$ 2,213,557</u> | <u>\$ 1,524,821</u> | <u>\$ 537,907</u> | <u>\$ 4,276,285</u> |

In 2025, we sold \$22.2 million of portfolio residential fixed and adjustable rate mortgage loans. In 2024, we sold \$20.8 million of portfolio residential fixed rate mortgage loans. In 2023, we sold \$56.7 million of portfolio residential fixed and adjustable rate mortgage loans. These loan sale transactions were done primarily for asset/liability management purposes.

## LOAN PORTFOLIO COMPOSITION

|  | December 31,        |                     |
|--|---------------------|---------------------|
|  | 2025                | 2024                |
|  | (In thousands)      |                     |
| Real estate <sup>(1)</sup>                         |                     |                     |
| Residential first mortgages                        | \$ 1,285,781        | \$ 1,284,322        |
| Non farm non residential                           | 1,248,883           | 1,056,506           |
| Construction and land development                  | 273,582             | 322,092             |
| Residential home equity and other junior mortgages | 211,646             | 179,857             |
| Multifamily residential                            | 123,210             | 70,214              |
| Consumer   | 533,807             | 579,345             |
| Commercial   | 595,856             | 542,742             |
| Agricultural                                       | 3,520               | 3,747               |
| Total loans  | <u>\$ 4,276,285</u> | <u>\$ 4,038,825</u> |

(1) Includes both residential and non-residential commercial loans secured by real estate.

**NON-PERFORMING ASSETS**

|  | December 31,           |          |          |
|--|------------------------|----------|----------|
|  | 2025                   | 2024     | 2023     |
|  | (Dollars in thousands) |          |          |
| Non-accrual loans  | \$ 33,074              | \$ 7,792 | \$ 6,991 |
| Loans 90 days or more past due and still accruing interest | —                      | —        | 432      |
| Sub total  | 33,074                 | 7,792    | 7,423    |
| Less: Government guaranteed loans                          | 9,947                  | 1,790    | 2,191    |
| Total non-performing loans                                 | 23,127                 | 6,002    | 5,232    |
| Other real estate and repossessed assets                   | 896                    | 938      | 569      |
| Total non-performing assets                                | \$ 24,023              | \$ 6,940 | \$ 5,801 |
| As a percent of Portfolio Loans                            |                        |          |          |
| Non-accrual loans  | 0.77 %                 | 0.19 %   | 0.18 %   |
| Non-performing loans                                       | 0.54                   | 0.15     | 0.14     |
| ACL  | 1.48                   | 1.47     | 1.44     |
| Non-performing assets to total assets                      | 0.44                   | 0.13     | 0.11     |
| ACL as a percent of non-accrual loans                      | 191.83                 | 762.05   | 781.83   |
| ACL as a percent of non-performing loans                   | 274.33                 | 989.32   | 1044.69  |

Non-performing loans totaled \$23.1 million, \$6.0 million and \$5.2 million at December 31, 2025, 2024 and 2023, respectively. The increase in 2025 compared to 2024 was due to a \$16.5 million and \$0.5 million increase in the commercial loan and mortgage loan segments. The increase in the commercial loan segment was primarily due to one relationship where the borrower is experiencing financial difficulties. The increase in 2024 as compared to 2023 was primarily due to a \$1.0 million increase in the residential mortgage loan portfolio segment.

Other real estate (“ORE”) and repossessed assets totaled \$0.9 million at December 31, 2025, compared to \$0.9 million at December 31, 2024.

The ACL as a percent of non-accrual and non-performing loans decreased during 2025 and 2024 due primarily to the increase in non-accrual and non-performing loans partially offset by an increase in the ACL related to specific allocations.

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.

**ALLOCATION OF THE ALLOWANCE FOR CREDIT LOSSES**

|  | December 31,   |           |
|--|----------------|-----------|
|  | 2025           | 2024      |
|  | (In thousands) |           |
| Specific allocations                               | \$ 6,775       | \$ 2,300  |
| Pooled analysis allocations                        | 45,790         | 45,929    |
| Additional allocations based on subjective factors | 10,880         | 11,150    |
| Total  | \$ 63,445      | \$ 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 notes #1 and #4 to the 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 \$4.1 million to \$63.4 million at December 31, 2025 from \$59.4 million at December 31, 2024 and was equal to 1.48% of total Portfolio Loans at December 31, 2025.

One of the three components of the ACL outlined above increased since December 31, 2024 while two decreased. The ACL related to specific allocations increased primarily due to the one commercial relationship experiencing financial difficulties mentioned above. The ACL related to pooled analysis of loans decreased \$0.1 million due to certain model refinements that was partially offset by commercial loan growth and the ACL related to subjective factors decreased by \$0.3 million due to a two basis point decrease in allocation rate that was partially offset by commercial loan growth. 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.

During 2024 two of the three components of the ACL outlined above increased while one decreased. The ACL related to pooled analysis of loans increased \$5.0 million due primarily to loan growth in 2024 as well as certain model refinements during 2024 which also contributed to the \$1.3 million decrease in the ACL related to subjective factors. The ACL related to specific loans increased \$1.0 million due primarily to a \$5.8 million increase in the amount of such loans.

**ALLOWANCE FOR CREDIT LOSSES ON LOANS, SECURITIES HTM AND UNFUNDED COMMITMENTS**

|  | Loans          | Securities HTM | Unfunded<br>Commitments (1) |
|--|----------------|----------------|-----------------------------|
|  | (In thousands) |                |                             |
| December 31, 2022                          | \$ 52,435      | \$ 168         | \$ 5,080                    |
| Additions (deductions)                     |                |                |                             |
| Provision for credit losses                | 3,221          | 2,989          | —                           |
| Recoveries credited to the ACL             | 2,798          | —              | —                           |
| Charges against the ACL                    | (3,796)        | (3,000)        | —                           |
| Additions included in non-interest expense | —              | —              | 424                         |
| December 31, 2023                          | 54,658         | 157            | 5,504                       |
| Additions (deductions)                     |                |                |                             |
| Provision for credit losses                | 5,618          | (1,150)        | —                           |
| Recoveries credited to the ACL             | 2,711          | 1,125          | —                           |
| Charges against the ACL                    | (3,608)        | —              | —                           |
| Additions included in non-interest expense | —              | —              | (373)                       |
| December 31, 2024                          | 59,379         | 132            | 5,131                       |
| Additions (deductions)                     |                |                |                             |
| Provision for credit losses                | 5,676          | (40)           | 499                         |
| Recoveries credited to the ACL             | 2,262          | —              | —                           |
| Charges against the ACL                    | (3,872)        | —              | —                           |
| Additions included in non-interest expense | —              | —              | (190)                       |
| December 31, 2025                          | \$ 63,445      | \$ 92          | \$ 5,440                    |

(1) Beginning in the fourth quarter of 2025, we began classifying the provision for unfunded lending commitments in the provision for credit losses in the Consolidated Statements of Operations.

**RATIO OF NET CHARGE-OFFS TO AVERAGE LOANS OUTSTANDING**

|  | <b>Commercial</b>             | <b>Mortgage</b> | <b>Installment</b> | <b>Total</b> |
|--|-------------------------------|-----------------|--------------------|--------------|
|  | <b>(Dollars in thousands)</b> |                 |                    |              |
| <b>2025</b>  |                               |                 |                    |              |
| Loans charged against (recoveries credited to) the ACL                         | \$ (2)                        | \$ (156)        | \$ 1,768           | \$ 1,610     |
| Average Portfolio Loans  | 2,067,273                     | 1,518,182       | 563,078            | 4,148,533    |
| Net loans charged off against (credited to) the ACL to average Portfolio Loans | — %                           | (0.01)%         | 0.31 %             | 0.04 %       |
| <b>2024</b>  |                               |                 |                    |              |
| Loans charged against (recoveries credited to) the ACL                         | \$ (245)                      | \$ (9)          | \$ 1,151           | \$ 897       |
| Average Portfolio Loans  | 1,769,243                     | 1,499,737       | 610,522            | 3,879,502    |
| Net loans charged off against (credited to) the ACL to average Portfolio Loans | (0.01)%                       | — %             | 0.19 %             | 0.02 %       |
| <b>2023</b>  |                               |                 |                    |              |
| Loans charged against (recoveries credited to) the ACL                         | \$ 523                        | \$ (198)        | \$ 673             | \$ 998       |
| Average Portfolio Loans  | 1,537,920                     | 1,436,527       | 637,180            | 3,611,627    |
| Net loans charged off against (credited to) the ACL to average Portfolio Loans | 0.03 %                        | (0.01)%         | 0.11 %             | 0.03 %       |

In 2025, we recorded loan net charge offs of \$1.61 million compared to loan net charge offs of \$0.90 million in 2024 and loan net charge offs of \$1.00 million in 2023. The net charge offs in 2025 and 2024 primarily reflect losses in the installment loan portfolio. The net charge offs in 2023 primarily reflect modest losses in the commercial and installment loan portfolio.

*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 \$4.76 billion and \$4.65 billion at December 31, 2025 and 2024, respectively. The \$107.6 million increase in deposits during 2025 is due to growth in savings and interest-bearing checking deposits, reciprocal deposits and time deposits that were partially offset by decreases in non-interest bearing and brokered time deposits. Reciprocal deposits totaled \$974.9 million and \$907.0 million at December 31, 2025 and 2024, respectively. These deposits represent demand, money market and time deposits from our customers that have been placed through the 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. A reduction in core deposits would likely increase our need to rely on wholesale funding sources. Data relating to our deposit portfolios (excluding brokered time) follows:

|   | December 31,           |              |
|---|------------------------|--------------|
|   | 2025                   | 2024         |
|   | (Dollars in thousands) |              |
| Uninsured deposits (1)                                    | \$ 1,175,893           | \$ 1,059,909 |
| Uninsured deposits as a percentage of deposits            | 24.8 %                 | 23.3 %       |
| Average deposit account size                              | \$ 22.51               | \$ 21.14     |
| Balance of top 100 largest depositors                     | \$ 1,156,014           | \$ 1,062,255 |
| Balance of top 100 depositors as a percentage of deposits | 24.4 %                 | 23.4 %       |

(1) These amounts exclude intercompany related deposits of \$47.0 million and \$54.8 million respectively. Uninsured deposits reported in our Call Report at December 31, 2025 and December 31, 2024 totaled \$1.223 billion and \$1.115 billion, respectively.

We have also implemented strategies that incorporate using federal funds purchased, other borrowings and brokered time deposits 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 advances from the Federal Home Loan Bank (the "FHLB"), totaled \$77.0 million and \$45.0 million at December 31, 2025 and 2024, respectively.

As described above, we have utilized wholesale funding, including federal funds purchased, FRB and FHLB borrowings and brokered time deposits to augment our core deposits and fund a portion of our assets. At December 31, 2025, our use of such wholesale funding sources (including reciprocal deposits) amounted to approximately \$1.07 billion, or 22.1% 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 time deposits 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 have employed derivative financial instruments to manage our exposure to changes in interest rates. During 2025, 2024 and 2023, we entered into \$187.2 million, \$187.1 million and \$134.6 million (original 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 \$2.12 million, \$2.09 million and \$2.05 million of fee income related to these transactions during 2025, 2024 and 2023, respectively. We entered into zero, \$122.0 million, and \$175.0 million (notional amounts) of certain derivative financial instruments (pay fixed interest rate swap and interest rate cap agreements) to hedge the fair value of certain loans, municipal bond securities and/or certain FHLB advances in 2025, 2024 and 2023, respectively. We also entered into \$100.0 million, \$250.0 million and \$150.0 million (notional amount), respectively of certain derivative financial instruments (interest rate floor and interest rate cap agreements) to manage the variability in future expected cash flows of certain commercial loans and/or short-term funding liabilities during 2025, 2024 and 2023. See note #16 to the 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 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 time deposits). At December 31, 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 \$749.2 million and \$1,241.9 million, respectively. We also

had approximately \$456.3 million in fair value of unpledged securities AFS and HTM at December 31, 2025, which could be pledged for an estimated additional borrowing capacity at the FHLB and FRB of approximately \$428.3 million.

#### TIME DEPOSITS<sup>(1)</sup>

The following table summarizes time deposits in amounts less than \$250,000 and in amounts of \$250,000 or more, by time remaining until maturity at December 31, 2025:

|                                  | Less than<br>\$250,000 | Greater than<br>\$250,000 | Total             |
|----------------------------------|------------------------|---------------------------|-------------------|
|                                  | (In thousands)         |                           |                   |
| Three months or less             | \$ 360,310             | \$ 102,723                | \$ 463,033        |
| Over three through six months    | 110,022                | 44,304                    | 154,326           |
| Over six months through one year | 77,611                 | 75,152                    | 152,763           |
| Over one year                    | 22,379                 | 1,240                     | 23,619            |
| Total                            | <u>\$ 570,322</u>      | <u>\$ 223,419</u>         | <u>\$ 793,741</u> |

(1) Includes time deposits, brokered time deposits and reciprocal time deposits

At December 31, 2025, we had \$770.1 million of time deposits (see note #8 to the Consolidated Financial Statements) that mature in the next 12 months. Historically, a majority of these maturing time deposits are renewed by our customers. Additionally, \$3.97 billion of our deposits at December 31, 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 time deposits.

We also believe that the available cash on hand at the parent company (including time deposits) of approximately \$46.7 million as of December 31, 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.

In the normal course of business we enter into certain contractual obligations. Such obligations include requirements to make future payments on debt and lease arrangements, contractual commitments for capital expenditures, and service contracts.

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**

|   | December 31,   |            |
|---|----------------|------------|
|   | 2025           | 2024       |
|   | (In thousands) |            |
| Subordinated debt                           | \$ —           | \$ 39,586  |
| Subordinated debentures                     | 39,864         | 39,796     |
| Amount not qualifying as regulatory capital | (1,224)        | (810)      |
| Amount qualifying as regulatory capital     | 38,640         | 78,572     |
| Shareholders' equity                        |                |            |
| Common stock                                | 307,845        | 318,777    |
| Retained earnings                           | 252,794        | 205,853    |
| Accumulated other comprehensive loss        | (57,688)       | (69,944)   |
| Total shareholders' equity                  | 502,951        | 454,686    |
| Total capitalization                        | \$ 541,591     | \$ 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 Consolidated Statements 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 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 \$39.9 million of outstanding cumulative trust preferred securities. 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 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 December 31, 2025 and 2024.

Total common shareholders' equity increased to \$503.0 million at December 31, 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 \$473.7 million and \$424.9 million, respectively, at those same dates. Our ratio of TCE to tangible assets was 8.65% and 8.00% at December 31, 2025 and 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 2025, our Board of Directors authorized the 2026 share repurchase plan. Under the terms of the 2026 share repurchase plan, we are authorized to buy back up to 1,100,000 shares, or approximately 5%, of our outstanding common stock. This repurchase plan commenced on January 1, 2026, and is expected to last through December 31, 2026.

In December 2024, our Board of Directors authorized the 2025 share repurchase plan. Under the terms of this share repurchase plan, we were authorized to buy back 1,100,000 shares, or approximately 5% of our outstanding common stock. The share repurchase plan expired on December 31, 2025. During 2025 repurchases were made through open market transactions and totaled 407,113 shares of common stock, for an aggregate purchase price of \$12.4 million.

We currently pay a quarterly cash dividend on our common stock. The annual total dividends paid were \$1.04, \$0.96 and \$0.92 per share for 2025, 2024 and 2023, respectively. We currently favor a dividend payout ratio between 30% and 50% of net income.

As of December 31, 2025 and 2024, our Bank (and holding company) continued to meet the requirements to be considered “well-capitalized” under federal regulatory standards (also see note #20 to the 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 December 31, 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, an increase in liability duration and a higher base value. Asset duration declined due to a shift in the asset mix as the Bank experienced growth in shorter duration loan balances (primarily variable rate commercial loans) along with runoff in longer duration fixed rate mortgages. The liability duration increased due to a shift in the funding mix as the Bank experienced growth in non-maturity deposit balances and a decline in short duration wholesale funding. In addition, at December 31, 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 |
|-------------------------------|-------------------|----------------|------------------------|----------------|------------------------|----------------|
| <b>(Dollars in thousands)</b> |                   |                |                        |                |                        |                |
| <b>December 31, 2025</b>      |                   |                |                        |                |                        |                |
| 200 basis point rise          | \$ 693,900        | (4.75)%        | \$ 202,200             | 3.01 %         | 3.89 %                 | 3.18 %         |
| 100 basis point rise          | 712,800           | (2.16)         | 198,900                | 1.32           | 3.82                   | 1.33           |
| Base-rate scenario            | 728,500           | —              | 196,300                | —              | 3.77                   | —              |
| 100 basis point decline       | 731,700           | 0.44           | 194,100                | (1.12)         | 3.73                   | (1.06)         |
| 200 basis point decline       | 714,300           | (1.95)         | 191,300                | (2.55)         | 3.68                   | (2.39)         |
| <b>December 31, 2024</b>      |                   |                |                        |                |                        |                |
| 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 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 Consolidated Statement of Financial Condition, which includes debt and related financial derivative instruments, and do not consider loan fees or loan origination costs.

*Accounting Standards Update.* See note #1 to the Consolidated Financial Statements included elsewhere in this report for details on recently issued accounting pronouncements and their impact on our 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”). 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 #21 to the Consolidated Financial Statements for a complete discussion on our use of fair valuation of financial instruments and the related measurement techniques.

## LITIGATION MATTERS

We are involved in various litigation matters in the ordinary course of business, which currently include three putative class action complaints brought against the Bank alleging that its practice of charging overdraft and other fees was not consistent with the disclosures the Bank made to consumers. These lawsuits are similar to lawsuits that have recently been filed against other financial institutions pertaining to overdraft fee disclosures. No class has been certified in any of the putative class action complaints brought against the Bank, and we believe we have valid defenses to each of the claims that have been made. The aggregate amount we have accrued for losses we consider probable as a result of all of our outstanding litigation matters is not material. However, because of the inherent uncertainty of outcomes from any litigation matter and because these types of lawsuits often result in settlement, we believe it is reasonably possible we may incur losses in addition to the amounts we have accrued. At this time, we are unable to provide an estimate of the losses that we believe are reasonably possible, primarily because we are still conducting diligence on the underlying factual issues and significant matters remain to be resolved in the litigation, including the issue of class certification.

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.

## 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.

Our methodology for determining the ACL and related provision for credit losses is described above in “Portfolio Loans and asset quality.” In particular, this area of accounting requires a significant amount of judgment because a multitude of factors can influence the ultimate collection of a loan or other type of credit. It is extremely difficult to precisely measure the amount of expected credit losses in our loan portfolio. We use a rigorous process to attempt to accurately quantify the necessary ACL and related provision for credit losses, but there can be no assurance that our modeling process will successfully identify all of the expected credit losses in our loan portfolio. As a result, we could record future provisions for credit losses that may be significantly different than the levels that we recorded in prior periods. See also notes #1 and #4 to the Consolidated Financial Statements included within this report for further discussion on the ACL.

At December 31, 2025 and 2024, we had approximately \$31.5 million and \$46.8 million, respectively, of mortgage loan servicing rights capitalized on our Consolidated Statements of Financial Condition. The fair value of our capitalized mortgage loan servicing rights has been determined based on a valuation model used by an independent third party. There are several critical assumptions involved in establishing the value of this asset including estimated future prepayment speeds on the underlying mortgage loans, the interest rate used to discount the net cash flows from the mortgage loan servicing, the estimated amount of ancillary income that will be received in the future (such as late fees) and the estimated cost to service the mortgage loans. We believe the assumptions that we utilize in our valuation are reasonable based upon accepted industry practices for valuing mortgage loan servicing rights.

## MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

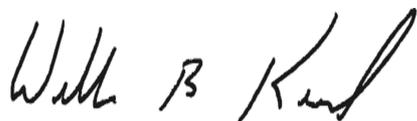
The management of Independent Bank Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to provide reasonable assurance to us and the board of directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

We assessed the effectiveness of our internal control over financial reporting as of December 31, 2025. In making this assessment, we used the criteria established in the 2013 Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment, management has concluded that as of December 31, 2025, the Company's internal control over financial reporting was effective 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.

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Our independent registered public accounting firm has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2025. Their report immediately follows our report.



William B. Kessel  
President and  
Chief Executive Officer



Gavin A. Mohr  
Executive Vice President  
and Chief Financial Officer

Independent Bank Corporation  
March 6, 2026

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and the Board of Directors of Independent Bank Corporation  
Grand Rapids, Michigan

### Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial condition of Independent Bank Corporation (the "Corporation") as of December 31, 2025 and 2024, the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). We also have audited the Corporation's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework: (2013) issued by COSO.

### Basis for Opinions

The Corporation's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Corporation's financial statements and an opinion on the Corporation's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Corporation in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### Definition and Limitations of Internal Control Over Financial Reporting

A corporation's internal control over financial reporting is a process designed 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. A corporation's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the corporation are being made only in accordance with authorizations of management and directors of the corporation; and (3) provide reasonable assurance regarding prevention or timely

detection of unauthorized acquisition, use, or disposition of the corporation's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### **Allowance for Credit Losses (ACL) for loans – Subjective Factors**

Refer to Notes 1 and 4 to the Consolidated Financial Statements.

The ACL under the current expected credit loss ("CECL") methodology is a significant estimate recorded within the Corporation's financial statements with a reported balance for loans of \$63.4 million as of December 31, 2025. The ACL model for loans consists of three components: 1) the specific analysis of individually evaluated loans; 2) pooled analysis of loans with similar risk characteristics based on historical experience using a discounted cash flow model, adjusted for current conditions, reasonable and supportable forecasts and expected prepayments; and 3) additional allowances based on subjective factors.

The subjective factors include consideration of the following: local and general economic business factors and trends, portfolio concentrations and changes in the size, and/or the general terms of the overall loan portfolio. Due to the significant judgment applied by management to determine the effect of the subjective factors, we identified the effect of the subjective factors on the ACL for loans as a critical audit matter as it involved a high degree of auditor judgment and required significant audit effort, including the need to involve more experienced audit personnel.

The primary procedures we performed to address this critical audit matter included:

- Testing the effectiveness of controls over the subjective factors used in the ACL calculation including controls addressing:
  - Management's review of the reasonableness of the significant assumptions applied in the development of the subjective factors and the relevance to the loan segment to which they are applied.
  - Mathematical accuracy of the subjective factors applied to the loan segments in the ACL calculation.

- Substantively testing management’s determination of the subjective factors used in the ACL estimate, including:
  - Testing management’s process for developing the subjective factors, which included assessing the relevance and reliability of data used to develop the subjective factors, including evaluating their judgments and assumptions for reasonableness. Among other procedures, our evaluation considered evidence from internal and external sources.
  - Analytically evaluating the subjective factors for directional consistency, testing for reasonableness, and obtaining evidence for significant changes.
  - Testing the mathematical accuracy of the subjective factors applied to the loan segments in the ACL calculation.

Crowe LLP

Crowe LLP

We have served as the Corporation’s auditor since 2005.

Grand Rapids, Michigan  
March 6, 2026

## CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

|  | December 31,                         |                     |
|--|--------------------------------------|---------------------|
|  | 2025                                 | 2024                |
|  | (In thousands, except share amounts) |                     |
| <b>Assets</b>  |                                      |                     |
| Cash and due from banks  | \$ 52,235                            | \$ 56,984           |
| Interest bearing deposits  | 86,152                               | 62,898              |
| Cash and Cash Equivalents  | 138,387                              | 119,882             |
| Securities available for sale  | 495,909                              | 559,182             |
| Securities held to maturity (fair value of \$282,830 at December 31, 2025 and \$301,860 at December 31, 2024)  | 309,523                              | 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   | 9,031                                | 7,643               |
| <b>Loans</b>   |                                      |                     |
| Commercial   | 2,213,557                            | 1,937,364           |
| Mortgage   | 1,524,821                            | 1,516,726           |
| Installment  | 537,907                              | 584,735             |
| Total Loans  | 4,276,285                            | 4,038,825           |
| Allowance for credit losses  | (63,445)                             | (59,379)            |
| Net Loans  | 4,212,840                            | 3,979,446           |
| Other real estate and repossessed assets, net  | 896                                  | 938                 |
| Property and equipment, net  | 38,972                               | 37,492              |
| Bank-owned life insurance  | 53,750                               | 53,855              |
| Capitalized mortgage loan servicing rights, carried at fair value  | 31,493                               | 46,796              |
| Other intangibles, net   | 1,001                                | 1,488               |
| Goodwill   | 28,300                               | 28,300              |
| Accrued income and other assets  | 167,516                              | 147,547             |
| <b>Total Assets</b>  | <b>\$ 5,505,720</b>                  | <b>\$ 5,338,104</b> |
| <b>Liabilities and Shareholders' Equity</b>  |                                      |                     |
| <b>Deposits</b>  |                                      |                     |
| Non-interest bearing   | \$ 991,984                           | \$ 1,013,647        |
| Savings and interest-bearing checking  | 2,113,260                            | 1,995,314           |
| Reciprocal   | 974,921                              | 907,031             |
| Time   | 662,858                              | 628,285             |
| Brokered time  | 18,659                               | 109,811             |
| Total Deposits   | 4,761,682                            | 4,654,088           |
| Other borrowings   | 77,003                               | 45,009              |
| Subordinated debt  | —                                    | 39,586              |
| Subordinated debentures  | 39,864                               | 39,796              |
| Accrued expenses and other liabilities   | 124,220                              | 104,939             |
| <b>Total Liabilities</b>   | <b>5,002,769</b>                     | <b>4,883,418</b>    |
| <b>Commitments and contingent liabilities</b>  |                                      |                     |
| <b>Shareholders' Equity</b>  |                                      |                     |
| 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: 20,548,893 shares at December 31, 2025 and 20,895,714 shares at December 31, 2024 | 307,845                              | 318,777             |
| Retained earnings  | 252,794                              | 205,853             |
| Accumulated other comprehensive loss   | (57,688)                             | (69,944)            |
| <b>Total Shareholders' Equity</b>  | <b>502,951</b>                       | <b>454,686</b>      |
| <b>Total Liabilities and Shareholders' Equity</b>  | <b>\$ 5,505,720</b>                  | <b>\$ 5,338,104</b> |

See accompanying notes to consolidated financial statements

## CONSOLIDATED STATEMENTS OF OPERATIONS

|   | Year Ended December 31,                  |                  |                  |
|---|--|------------------|------------------|
|   | 2025                                     | 2024             | 2023             |
|   | (In thousands, except per share amounts) |                  |                  |
| <b>INTEREST INCOME</b>                                |  |                  |                  |
| Interest and fees on loans                            | \$ 238,833                               | \$ 228,585       | \$ 197,725       |
| Interest on securities                                |  |                  |                  |
| Taxable   | 15,005                                   | 18,883           | 23,314           |
| Tax-exempt  | 10,943                                   | 13,100           | 13,209           |
| Other investments                                     | 4,956                                    | 6,208            | 5,429            |
| Total Interest Income                                 | <u>269,737</u>                           | <u>266,776</u>   | <u>239,677</u>   |
| <b>INTEREST EXPENSE</b>                               |  |                  |                  |
| Deposits  | 83,498                                   | 92,694           | 75,075           |
| Other borrowings and subordinated debt and debentures | 6,224                                    | 7,834            | 8,273            |
| Total Interest Expense                                | <u>89,722</u>                            | <u>100,528</u>   | <u>83,348</u>    |
| Net Interest Income                                   | 180,015                                  | 166,248          | 156,329          |
| Provision for credit losses                           | 6,135                                    | 4,468            | 6,210            |
| Net Interest Income After Provision for Credit Losses | <u>173,880</u>                           | <u>161,780</u>   | <u>150,119</u>   |
| <b>NON-INTEREST INCOME</b>                            |  |                  |                  |
| Interchange income                                    | 13,860                                   | 13,992           | 13,996           |
| Service charges on deposit accounts                   | 12,022                                   | 11,870           | 12,361           |
| Net gains (losses) on assets                          |  |                  |                  |
| Mortgage loans  | 6,780                                    | 6,579            | 7,436            |
| Equity securities at fair value                       | —  | 2,685            | —                |
| Securities available for sale                         | (370)                                    | (428)            | (222)            |
| Mortgage loan servicing, net                          | 827                                      | 9,447            | 4,626            |
| Other   | 12,525                                   | 12,217           | 12,479           |
| Total Non-interest Income                             | <u>45,644</u>                            | <u>56,362</u>    | <u>50,676</u>    |
| <b>NON-INTEREST EXPENSE</b>                           |  |                  |                  |
| Compensation and employee benefits                    | 85,194                                   | 84,955           | 78,965           |
| Data processing                                       | 14,788                                   | 13,579           | 11,862           |
| Occupancy, net  | 8,567                                    | 7,806            | 7,908            |
| Interchange expense                                   | 4,641                                    | 4,504            | 4,332            |
| Furniture, fixtures and equipment                     | 3,467                                    | 3,762            | 3,756            |
| Advertising   | 3,211                                    | 3,058            | 2,165            |
| FDIC deposit insurance                                | 2,824                                    | 2,870            | 3,005            |
| Loan and collection                                   | 2,737                                    | 2,474            | 2,174            |
| Legal and professional                                | 2,448                                    | 2,566            | 2,208            |
| Communications  | 1,997                                    | 2,095            | 2,406            |
| Other   | 8,359                                    | 7,427            | 8,338            |
| Total Non-interest Expense                            | <u>138,233</u>                           | <u>135,096</u>   | <u>127,119</u>   |
| Income Before Income Tax                              | 81,291                                   | 83,046           | 73,676           |
| Income tax expense                                    | 12,750                                   | 16,256           | 14,609           |
| Net Income  | <u>\$ 68,541</u>                         | <u>\$ 66,790</u> | <u>\$ 59,067</u> |
| <b>Net income per common share</b>                    |  |                  |                  |
| Basic   | <u>\$ 3.30</u>                           | <u>\$ 3.20</u>   | <u>\$ 2.82</u>   |
| Diluted   | <u>\$ 3.27</u>                           | <u>\$ 3.16</u>   | <u>\$ 2.79</u>   |

See accompanying notes to consolidated financial statements

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

|  | Year Ended December 31, |           |           |
|--|-------------------------|-----------|-----------|
|  | 2025                    | 2024      | 2023      |
|  | (In thousands)          |           |           |
| Net income   | \$ 68,541               | \$ 66,790 | \$ 59,067 |
| Other comprehensive income   |                         |           |           |
| Securities available for sale  |                         |           |           |
| Unrealized gain arising during period  | 11,082                  | 1,866     | 22,094    |
| Accretion of net unrealized losses on securities transferred to held to maturity                         | 3,189                   | 3,332     | 3,563     |
| Reclassification adjustments for losses included in earnings   | 370                     | 428       | 222       |
| Unrealized gains recognized in other comprehensive income on securities available for sale               | 14,641                  | 5,626     | 25,879    |
| Income tax expense   | 3,075                   | 1,181     | 5,435     |
| Unrealized gains recognized in other comprehensive income on securities available for sale, net of tax   | 11,566                  | 4,445     | 20,444    |
| Derivative instruments   |                         |           |           |
| Unrealized losses arising during period  | (1,238)                 | (4,212)   | (213)     |
| Reclassification adjustment for expense recognized in earnings   | 2,111                   | 1,366     | 437       |
| Unrealized gains (losses) recognized in other comprehensive income on derivative instruments             | 873                     | (2,846)   | 224       |
| Income tax expense (benefit)   | 183                     | (599)     | 47        |
| Unrealized gains (losses) recognized in other comprehensive income on derivative instruments, net of tax | 690                     | (2,247)   | 177       |
| Other comprehensive income   | 12,256                  | 2,198     | 20,621    |
| Comprehensive income   | \$ 80,797               | \$ 68,988 | \$ 79,688 |

See accompanying notes to consolidated financial statements

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

|  | Common<br>Stock | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Loss | Total<br>Shareholders'<br>Equity |
|--|-----------------|----------------------|---|----------------------------------|
| (Dollars in thousands, except per share amounts)   |                 |                      |   |                                  |
| Balances at January 1, 2023  | \$ 320,991      | \$ 119,368           | \$ (92,763)                                   | \$ 347,596                       |
| Net income for 2023  | —               | 59,067               | —   | 59,067                           |
| Cash dividends declared, \$0.92 per share  | —               | (19,327)             | —   | (19,327)                         |
| Repurchase of 298,601 shares of common stock   | (5,157)         | —                    | —   | (5,157)                          |
| Issuance of 28,583 shares of common stock  | 70              | —                    | —   | 70                               |
| Share based compensation (issuance of 77,211 shares of common stock)                           | 2,229           | —                    | —   | 2,229                            |
| Share based compensation withholding obligation (withholding of 35,531 shares of common stock) | (650)           | —                    | —   | (650)                            |
| Other comprehensive income   | —               | —                    | 20,621  | 20,621                           |
| Balances at December 31, 2023  | 317,483         | 159,108              | (72,142)                                      | 404,449                          |
| Net income for 2024  | —               | 66,790               | —   | 66,790                           |
| Cash dividends declared, \$0.96 per share  | —               | (20,045)             | —   | (20,045)                         |
| Issuance of 6,141 shares of common stock   | 13              | —                    | —   | 13                               |
| Share based compensation (issuance of 95,966 shares of common stock)                           | 2,332           | —                    | —   | 2,332                            |
| Share based compensation withholding obligation (withholding of 42,026 shares of common stock) | (1,051)         | —                    | —   | (1,051)                          |
| Other comprehensive income   | —               | —                    | 2,198   | 2,198                            |
| Balances at December 31, 2024  | 318,777         | 205,853              | (69,944)                                      | 454,686                          |
| Net income for 2025  | —               | 68,541               | —   | 68,541                           |
| Cash dividends declared, \$1.04 per share  | —               | (21,600)             | —   | (21,600)                         |
| Repurchase of 407,113 shares of common stock   | (12,433)        | —                    | —   | (12,433)                         |
| Share based compensation (issuance of 93,336 shares of common stock)                           | 2,716           | —                    | —   | 2,716                            |
| Share based compensation withholding obligation (withholding of 35,837 shares of common stock) | (1,215)         | —                    | —   | (1,215)                          |
| Other comprehensive income   | —               | —                    | 12,256  | 12,256                           |
| Balances at December 31, 2025  | \$ 307,845      | \$ 252,794           | \$ (57,688)                                   | \$ 502,951                       |

See accompanying notes to consolidated financial statements

## CONSOLIDATED STATEMENTS OF CASH FLOWS

|   | Year Ended December 31, |            |            |
|---|-------------------------|------------|------------|
|   | 2025                    | 2024       | 2023       |
|   | (In thousands)          |            |            |
| Net Income  | \$ 68,541               | \$ 66,790  | \$ 59,067  |
| 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  | 350,335                 | 380,739    | 356,207    |
| Disbursements for loans held for sale   | (345,144)               | (370,575)  | (334,174)  |
| Provision for credit losses   | 6,135                   | 4,468      | 6,210      |
| Deferred income tax (benefit) expense   | (3,531)                 | (1,248)    | 215        |
| Net deferred loan fees  | 1,643                   | 961        | 1,244      |
| Net depreciation, amortization of intangible assets and premiums and accretion of discounts on securities and loans | 9,906                   | 10,005     | 10,019     |
| Net gains on mortgage loans   | (6,780)                 | (6,579)    | (7,436)    |
| Net gains on equity securities at fair value  | —                       | (2,685)    | —          |
| Net losses on sales of securities available for sale  | 370                     | 428        | 222        |
| Net loss on sale of capitalized mortgage loan servicing rights  | 233                     | —          | —          |
| Share based compensation  | 2,716                   | 2,332      | 2,229      |
| Increase in accrued income and other assets   | (25,648)                | (25,187)   | (14,617)   |
| Increase (decrease) in accrued expenses and other liabilities   | 17,886                  | 1,017      | (3,597)    |
| Total Adjustments   | 8,121                   | (3,639)    | 16,522     |
| Net Cash From Operating Activities  | 76,662                  | 63,151     | 75,589     |
| CASH FLOW USED IN INVESTING ACTIVITIES  |                         |            |            |
| Proceeds from the sale of securities available for sale   | 32,193                  | 39,517     | 278        |
| 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                                    | 69,591                  | 81,092     | 122,806    |
| Proceeds from maturities, prepayments and calls of securities held to maturity                                      | 34,370                  | 18,811     | 22,317     |
| Purchases of securities available for sale  | (24,463)                | —          | —          |
| Purchases of securities held to maturity  | (2,000)                 | (3,628)    | (1,740)    |
| Proceeds from the redemption of Federal Home Loan Bank stock  | 1,209                   | 722        | 1,310      |
| Purchase of Federal Home Loan Bank stock  | (3,212)                 | —          | (478)      |
| Net increase in portfolio loans (loans originated, net of principal payments)                                       | (261,131)               | (271,800)  | (361,609)  |
| Proceeds from the sale of portfolio loans   | 22,594                  | 20,780     | 56,561     |
| Proceeds from the sale of other real estate and repossessed assets  | 864                     | 892        | 650        |
| Proceeds from bank-owned life insurance death benefits  | 1,292                   | 1,320      | 1,336      |
| Proceeds from the sale of property and equipment  | —                       | 960        | 1,648      |
| Capital expenditures  | (6,494)                 | (7,950)    | (6,024)    |
| Proceeds from the sale of capitalized mortgage loan servicing rights  | 12,690                  | —          | —          |
| Net Cash Used in Investing Activities   | (122,497)               | (118,159)  | (162,945)  |
| CASH FLOW FROM FINANCING ACTIVITIES   |                         |            |            |
| Net increase in total deposits  | 107,594                 | 31,209     | 243,810    |
| Net decrease in other borrowings  | (6)                     | (17)       | (60,980)   |
| Proceeds from Federal Home Loan Bank advances   | 307,000                 | 130,000    | 135,000    |
| Payments of Federal Home Loan Bank advances   | (275,000)               | (135,000)  | (110,000)  |
| Repayment of subordinated debt  | (40,000)                | —          | —          |
| Dividends paid  | (21,600)                | (20,045)   | (19,327)   |
| Proceeds from issuance of common stock  | —                       | 13         | 70         |
| Repurchase of common stock  | (12,433)                | —          | (5,157)    |
| Share based compensation withholding obligation   | (1,215)                 | (1,051)    | (650)      |
| Net Cash From Financing Activities  | 64,340                  | 5,109      | 182,766    |
| Net Increase (Decrease) in Cash and Cash Equivalents  | 18,505                  | (49,899)   | 95,410     |
| Cash and Cash Equivalents at Beginning of Year  | 119,882                 | 169,781    | 74,371     |
| Cash and Cash Equivalents at End of Year  | \$ 138,387              | \$ 119,882 | \$ 169,781 |
| Cash paid during the year for   |                         |            |            |
| Interest  | \$ 90,939               | \$ 103,953 | \$ 79,101  |
| Federal income taxes  | 11,650                  | 13,900     | 16,100     |
| Transfers to other real estate and repossessed assets   | 776                     | 1,091      | 783        |
| Right of use assets obtained in exchange for lease obligations  | 3,139                   | 2,354      | 865        |

See accompanying notes to consolidated financial statements

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 – ACCOUNTING POLICIES

The accounting and reporting policies and practices of Independent Bank Corporation and subsidiaries (“IBCP”) conform to accounting principles generally accepted in the United States of America and prevailing practices within the banking industry. Our critical accounting policies include the determination of the allowance for credit losses and the valuation of capitalized mortgage loan servicing rights. We are required to make material estimates and assumptions that are particularly susceptible to changes in the near term as we prepare the consolidated financial statements and report amounts for each of these items. Actual results may vary from these estimates.

Our subsidiary, Independent Bank (“Bank”), transacts business in the single industry of commercial banking. Our Bank’s activities cover traditional phases of commercial banking, including checking and savings accounts, commercial lending, direct and indirect consumer financing and mortgage lending. Our principal markets are the rural and suburban communities across Lower Michigan that are served by our Bank’s branches and loan production offices as well as one loan production facility in Ohio. At December 31, 2025, 44.3% of our Bank’s loan portfolio was secured by real estate.

*PRINCIPLES OF CONSOLIDATION* — The consolidated financial statements include the accounts of Independent Bank Corporation and its subsidiaries. The income, expenses, assets and liabilities of the subsidiaries are included in the respective accounts of the consolidated financial statements, after elimination of all intercompany accounts and transactions.

*SUBSEQUENT EVENTS* — We have evaluated subsequent events for recognition and disclosure through March 6, 2026, which is the date the consolidated financial statements were available to be issued.

*USE OF ESTIMATES* — To prepare consolidated financial statements in conformity with accounting principles generally accepted in the United States of America management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the consolidated financial statements and the disclosures provided, and actual results could differ.

*STATEMENTS OF CASH FLOWS* — For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, interest bearing deposits and federal funds sold. Generally, federal funds are sold for one-day periods. We report net cash flows for customer loan and deposit transactions and for short-term borrowings classified as other borrowings.

*INTEREST BEARING DEPOSITS* — Interest bearing deposits consist of overnight deposits with the Federal Reserve Bank.

*LOANS HELD FOR SALE* — Mortgage loans originated and intended for sale in the secondary market are carried at fair value. Fair value adjustments, as well as realized gains and losses, are recorded in current earnings.

*OPERATING SEGMENTS* — While chief decision-makers monitor the revenue streams of our various products and services, operations are managed and financial performance is evaluated as one single unit. Discrete financial information is not available other than on a consolidated basis for material lines of business.

*CAPITALIZED MORTGAGE LOAN SERVICING RIGHTS* — We account for our capitalized mortgage loan servicing rights under the fair value method of accounting. We recognize as separate assets the rights to service mortgage loans for others. The fair value of capitalized mortgage loan servicing rights has been determined based upon fair value indications for similar servicing. Under the fair value method we measure capitalized mortgage loan servicing rights at fair value at each reporting date and report changes in fair value of capitalized mortgage loan servicing rights in earnings in the period in which the changes occur and are included in mortgage loan servicing, net in the Consolidated Statements of Operations. The fair value of capitalized mortgage loan servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses.

Mortgage loan servicing income is recorded for fees earned for servicing loans previously sold. The fees are generally based on a contractual percentage of the outstanding principal and are recorded as income when earned. Mortgage loan servicing fees, excluding fair value changes of capitalized mortgage loan servicing rights, totaled \$6.8 million, \$8.9 million

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

and \$8.8 million for the years ended December 31, 2025, 2024 and 2023, respectively. Late fees and ancillary fees related to loan servicing are not material.

*TRANSFERS OF FINANCIAL ASSETS* — Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from us, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and we do not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

*SECURITIES* — We classify our securities as equity, trading, held to maturity ("HTM") or available for sale ("AFS"). Equity securities are investments in certain equity stocks and are reported at fair value with realized and unrealized gains and losses included in earnings. Trading securities are bought and held principally for the purpose of selling them in the near term and are reported at fair value with realized and unrealized gains and losses included in earnings. Securities HTM represent those securities for which we have the positive intent and ability to hold until maturity and are reported at cost, adjusted for amortization of premiums and accretion of discounts computed on the level-yield method. We did not have any equity securities or trading securities at December 31, 2025 and 2024. Securities AFS represent those securities not classified as equity, trading or HTM and are reported at fair value with unrealized gains and losses, net of applicable income taxes reported in other comprehensive income.

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 earnings. 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 allowance for credit losses ("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.

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 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 we consider historical credit loss information. Accrued interest receivable on securities HTM is excluded from the estimate of credit losses and is included in accrued income and other assets in the 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) 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.

Gains and losses realized on the sale of securities available for sale are determined using the specific identification method and are recognized on a trade-date basis.

*FEDERAL HOME LOAN BANK ("FHLB") STOCK* — Our Bank subsidiary is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income in interest income-other investments on the Consolidated Statements of Operations.

*FEDERAL RESERVE BANK ("FRB") STOCK* — Our Bank subsidiary is a member of its regional Federal Reserve Bank. FRB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

ultimate recovery of par value. Both cash and stock dividends are reported as income in interest income-other investments on the Consolidated Statements of Operations.

**LOAN REVENUE RECOGNITION** — Interest on loans is accrued based on the principal amounts outstanding. In general, the accrual of interest income is discontinued when a loan becomes 90 days past due for commercial loans and installment loans and when a loan misses four consecutive payments for mortgage loans and the borrower's capacity to repay the loan and collateral values appear insufficient for each loan class. However, loans may be placed on non-accrual status regardless of whether or not such loans are considered past due if, in management's opinion, the borrower is unable to meet payment obligations as they become due or as required by regulatory provisions. All interest accrued but not received for all loans placed on non-accrual is reversed from interest income. Payments on such loans are generally applied to the principal balance until qualifying to be returned to accrual status. A non-accrual loan may be restored to accrual status when interest and principal payments are current and the loan appears otherwise collectible. Delinquency status for all classes in the commercial and installment loan portfolio segments is based on the actual number of days past due as required by the contractual terms of the loan agreement while delinquency status for mortgage loan portfolio segment classes is based on the number of payments past due.

Certain loan fees and direct loan origination costs are deferred and recognized as an adjustment of yield generally over the contractual life of the related loan. Fees received in connection with loan commitments are deferred until the loan is advanced and are then recognized generally over the contractual life of the loan as an adjustment of yield. Fees on commitments that expire unused are recognized at expiration. Fees received for letters of credit are recognized as revenue over the life of the commitment.

**ALLOWANCE FOR CREDIT LOSSES** — Our loan portfolio is disaggregated into segments for purposes of determining the ACL which include commercial, mortgage and installment loans. These segments are further disaggregated into classes for purposes of monitoring and assessing credit quality based on certain risk characteristics. Classes within the commercial loan segment include (i) commercial and industrial and (ii) commercial real estate. Classes within the mortgage loan segment include (i) 1-4 family owner occupied - jumbo, (ii) 1-4 family owner occupied - non-jumbo, (iii) 1-4 family non-owner occupied (iv) 1-4 family - 2nd lien and (v) resort lending. Classes within the installment loan segment include (i) boat lending, (ii) recreational vehicle lending, and (iii) other. Commercial loans are subject to adverse market conditions which may impact the borrower's ability to make repayment on the loan or could cause a decline in the value of the collateral that secures the loan. Mortgage and installment loans are subject to adverse employment conditions in the local economy which could increase default rates. In addition, mortgage loans and real estate based installment loans are subject to adverse market conditions which could cause a decline in the value of collateral that secures the loan. For an analysis of the ACL by portfolio segment and credit quality information by class, see note #4.

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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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 year 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.

Increases in the ACL are recorded by a provision for credit losses charged to expense. Although we periodically allocate portions of the ACL to specific loans and loan portfolios, the entire ACL is available for losses.

We generally charge-off commercial, homogenous residential mortgage and installment loans when they are deemed uncollectible or reach a predetermined number of days past due based on loan product, industry practice and other factors. Collection efforts may continue and recoveries may occur after a loan is charged against the ACL.

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.

**PROPERTY AND EQUIPMENT** — Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets. Buildings are generally depreciated over a period not exceeding 39 years and equipment is generally depreciated over periods not exceeding 7 years. Leasehold improvements are depreciated over the shorter of their estimated useful life or lease period.

**LEASES** — Leases are classified as operating or finance leases at the lease commencement date. We lease certain locations and equipment. We record leases on the balance sheet in the form of a lease liability for the present value of

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

future lease payments under the lease terms and a right-of-use asset equal to the lease liability adjusted for items such as deferred or prepaid rent, lease incentives, and any impairment of the right-of-use asset. The discount rate used in determining the lease liability is based upon incremental borrowing rates we could obtain for similar loans as of the date of commencement or renewal. We do not record short term leases with an initial lease term of one year or less on the Consolidated Statements of Financial Condition.

At lease inception, we determine the lease term by considering the noncancelable lease term and all optional renewal periods that we are reasonably certain to renew. The lease term is also used to calculate straight-line lease expense. Leasehold improvements are amortized over the shorter of the useful life and the estimated lease term. Our leases do not contain residual value guarantees or material variable lease payments.

Operating lease expense consists of a single lease cost allocated over the remaining lease term on a straight-line basis, variable lease expense, and any impairment of the right-of-use asset. Lease expense is included in occupancy, net in the Consolidated Statements of Operations.

*BANK OWNED LIFE INSURANCE* — We have purchased a group flexible premium non-participating variable life insurance contract on approximately 250 lives (who were salaried employees at the time we purchased the contract) in order to recover the cost of providing certain employee benefits. Bank owned life insurance is recorded at its cash surrender value or the amount that can be currently realized.

*OTHER REAL ESTATE AND REPOSSESSED ASSETS* — Other real estate at the time of acquisition is recorded at fair value, less estimated costs to sell, which becomes the property's new basis. Fair value is typically determined by a third party appraisal of the property. Any write-downs at date of acquisition are charged to the ACL. Expense incurred in maintaining other real estate and subsequent write-downs to reflect declines in value and gains or losses on the sale of other real estate are recorded in non-interest expense in the Consolidated Statements of Operations. Non-real estate repossessed assets are treated in a similar manner.

*OTHER INTANGIBLES* — Other intangible assets consist of core deposits. They are initially measured at fair value and then are amortized on both straight-line and accelerated methods over their estimated useful lives, which range from 10 to 15 years.

*GOODWILL* — Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill acquired in a purchase business combination and determined to have an indefinite useful life is not amortized, but tested for impairment at least annually or more frequently if events and circumstances exists that indicate that a goodwill impairment test should be performed. We have selected December 31 as the date to perform the annual impairment test. Goodwill is the only intangible asset with an indefinite life on our Consolidated Statements of Financial Condition.

*INCOME TAXES* — We employ the asset and liability method of accounting for income taxes. This method establishes deferred tax assets and liabilities for the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities at tax rates expected to be in effect when such amounts are realized or settled. Under this method, the effect of a change in tax rates is recognized in the period that includes the enactment date. The deferred tax asset is subject to a valuation allowance for that portion of the asset for which it is more likely than not that it will not be realized.

A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination.

We recognize interest and/or penalties related to income tax matters in income tax expense in the Consolidated Statements of Operations.

We file a consolidated federal income tax return. Intercompany tax liabilities are settled as if each subsidiary filed a separate return.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

*COMMITMENTS TO EXTEND CREDIT AND RELATED FINANCIAL INSTRUMENTS* — Financial instruments may include commitments to extend credit and standby letters of credit. Financial instruments involve varying degrees of credit and interest-rate risk in excess of amounts reflected in the Consolidated Statements of Financial Condition. Exposure to credit risk in the event of non-performance by the counterparties to the financial instruments for loan commitments to extend credit and letters of credit is represented by the contractual amounts of those instruments. In general, we use a similar methodology to estimate our liability for these off-balance sheet credit exposures as we do for our ACL. For commercial related commitments, we estimate liability using our loan rating system and for mortgage and installment commitments we estimate liability principally upon historical loss experience. Our estimated liability for off balance sheet commitments is included in accrued expenses and other liabilities in our Consolidated Statements of Financial Condition and any charge or recovery is recorded in the provision for credit losses (beginning in the fourth quarter of 2025) and non-interest expense – costs related to unfunded lending commitments in our Consolidated Statements of Operations (prior to the fourth quarter of 2025).

*DERIVATIVE FINANCIAL INSTRUMENTS* — We record derivatives on our 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.

At the inception of the derivative we designate the derivative as one of three types based on our intention and belief as to likely effectiveness as a hedge. These three types are (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (“Fair Value Hedge”), (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (“Cash Flow Hedge”), or (3) an instrument with no hedging designation. For a Fair Value Hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item, are recognized in interest income in our Consolidated Statements of Operations. For a Cash Flow Hedge, the gain or loss on the derivative is reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. For instruments with no hedging designation, the gain or loss on the derivative is reported in earnings. These free standing instruments primarily consist of (i) mortgage banking related derivatives and include rate-lock loan commitments to fund mortgage loans (interest rate locks) to be sold into the secondary market and mandatory forward commitments for the future delivery of these mortgage loans and (ii) certain pay-fixed and pay-variable interest rate swap agreements related to commercial loan customers. 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. We enter into mandatory forward commitments for the future delivery of mortgage loans generally when interest rate locks are entered into in order to hedge the change in interest rates resulting from our commitments to fund the loans. Changes in the fair values of these derivatives are included in net gains on mortgage loans in the Consolidated Statements of Operations. Fair values of the pay-fixed and pay-variable interest rate swap agreements are derived from proprietary models which utilize current market data and are included in net interest income in the Consolidated Statements of Operations.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in net interest income in the Consolidated Statements of Operations. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in non-interest income (mortgage banking related derivatives) or net interest income (interest rate swap agreements) in the Consolidated Statements of Operations. Cash flows on hedges are classified in the cash flow statement the same as the cash flows of the items being hedged.

We formally document the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions, at the inception of the hedging relationship. This documentation includes linking Fair Value or Cash Flow Hedges to specific assets and liabilities on the Consolidated Statements of Financial Condition or to specific firm commitments or forecasted transactions. We discontinue hedge accounting when it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

*COMPREHENSIVE INCOME* — Comprehensive income consists of net income and unrealized gains and losses, net of tax, on securities available for sale and derivative instruments classified as cash flow hedges.

*LOSS CONTINGENCIES* — Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated.

*NET INCOME PER COMMON SHARE* — Basic net income per common share is computed by dividing net income by the weighted average number of common shares outstanding during the period and participating share awards. All outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends are considered participating securities for this calculation. For diluted net income per common share, net income is divided by the weighted average number of common shares outstanding during the period plus the assumed exercise of stock options, performance share units and stock units for a deferred compensation plan for non-employee directors.

*SHARE BASED COMPENSATION* — Cost is recognized for non-vested share awards issued to employees based on the fair value of these awards at the date of grant. A simulation analysis which considers potential outcomes for a large number of independent scenarios is utilized to estimate the fair value of performance share units and the market price of our common stock at the date of grant is used for other non-vested share awards. Cost is recognized over the required service period, generally defined as the vesting period. Forfeitures are recognized as they occur. Cost is also recognized for stock issued to non-employee directors. These shares vest immediately and cost is recognized during the period they are issued.

*COMMON STOCK* — At December 31, 2025, 0.1 million shares of common stock were reserved for issuance under the dividend reinvestment plan, 0.4 million shares of common stock were reserved for issuance under our long-term incentive plan and 0.05 million shares of common stock were reserved for issuance under our non-employee director stock purchase plan.

*FAIR VALUE OF FINANCIAL INSTRUMENTS* — Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in notes #21 and #22. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

*RECLASSIFICATION* — Certain amounts in the 2024 and 2023 consolidated financial statements have been reclassified to conform to the 2025 presentation. Reclassifications had no effect on prior year net income or total shareholders' equity.

*ADOPTION OF 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 reporting periods beginning after December 15, 2024, with early adoption permitted. The adoption of this ASU on January 1, 2025 resulted in additional disclosures to note #13 that quantified the impact each category in the rate reconciliation had on the statutory rate. The ASU was applied on a retrospective basis and did not have a material impact on our 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 Consolidated Financial Statements.

In November 2025, the FASB issued ASU 2025-08, "Financial Instruments—Credit Losses (Topic 326): Purchased Financial Assets". This ASU amends the accounting for purchased credit deteriorated ("PCD") financial assets and non-purchased credit deteriorated ("non-PCD") financial assets under Topic 326. The amendments broaden the population of

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

financial assets that are within the scope of the gross-up approach under Topic 326 to include purchased seasoned loans ("PSL"), which are defined as non-PCD loans that are obtained in a business combination, or non-PCD loans that (1) are obtained in an asset acquisition or upon consolidation of a variable interest entity that is not a business and (2) are acquired more than 90 days after their origination date by a transferee that was not involved in their origination. This eliminates the day-one earnings impact that previously occurred for non-PCD loans. The ASU also requires separate presentation of the initial ACL for PSLs within the ACL rollforward. This ASU is effective for fiscal years beginning after December 15, 2026, with early adoption permitted. The adoption of this ASU effective October 1, 2025 did not have a material impact on our Consolidated Financial Statements.

**NOTE 2 – RESTRICTIONS ON CASH AND DUE FROM BANKS**

Our Bank's required average reserve balances to be maintained in the form of vault cash and balances with the FRB during 2025 and 2024 were zero. We do not maintain compensating balances with correspondent banks. We may also be required to maintain reserve balances related to certain mortgage banking related derivatives not classified as hedges. These balances are held at unrelated financial institutions and totaled \$0.1 million and zero at December 31, 2025 and 2024, respectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

## NOTE 3 – SECURITIES

Securities AFS consist of the following at December 31:

|  | Amortized<br>Cost | Unrealized    |                  | Fair Value        |
|--|-------------------|---------------|------------------|-------------------|
|  |                   | Gains         | Losses           |                   |
| (In thousands)                                   |                   |               |                  |                   |
| 2025   |                   |               |                  |                   |
| U.S. agency                                      | \$ 8,320          | \$ 1          | \$ 404           | \$ 7,917          |
| U.S. agency residential mortgage-backed          | 87,435            | 136           | 6,506            | 81,065            |
| U.S. agency commercial mortgage-backed           | 8,039             | —             | 853              | 7,186             |
| Private label mortgage-backed                    | 42,689            | 260           | 2,443            | 40,506            |
| Other asset backed                               | 30,633            | 31            | 479              | 30,185            |
| Obligations of states and political subdivisions | 319,402           | —             | 39,000           | 280,402           |
| Corporate  | 49,355            | 2             | 1,696            | 47,661            |
| Trust preferred                                  | 990               | —             | 3                | 987               |
| Total  | <u>\$ 546,863</u> | <u>\$ 430</u> | <u>\$ 51,384</u> | <u>\$ 495,909</u> |
| 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  | <u>\$ 621,588</u> | <u>\$ 343</u> | <u>\$ 62,749</u> | <u>\$ 559,182</u> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Securities HTM consist of the following at December 31:

|  | Carrying Value    | Transferred Unrealized Loss (1) | ACL           | Amortized Cost<br>(In thousands) | Unrecognized |                  | Fair Value        |
|--|-------------------|---------------------------------|---------------|----------------------------------|--------------|------------------|-------------------|
|  |                   |                                 |               |                                  | Gains        | Losses           |                   |
| <b>2025</b>                                      |                   |                                 |               |                                  |              |                  |                   |
| U.S. agency                                      | \$ 22,446         | \$ 1,220                        | \$ —          | \$ 23,666                        | \$ —         | \$ 3,833         | \$ 19,833         |
| U.S. agency residential mortgage-backed          | 92,900            | 7,688                           | —             | 100,588                          | —            | 19,337           | 81,251            |
| U.S. agency commercial mortgage-backed           | 3,734             | 62                              | —             | 3,796                            | —            | 249              | 3,547             |
| Private label mortgage-backed                    | 7,294             | 80                              | 2             | 7,376                            | —            | 272              | 7,104             |
| Obligations of states and political subdivisions | 149,915           | 3,717                           | 19            | 153,651                          | 36           | 14,278           | 139,409           |
| Corporate  | 32,276            | 177                             | 67            | 32,520                           | —            | 1,834            | 30,686            |
| Trust preferred                                  | 958               | 38                              | 4             | 1,000                            | —            | —                | 1,000             |
| <b>Total</b>                                     | <b>\$ 309,523</b> | <b>\$ 12,982</b>                | <b>\$ 92</b>  | <b>\$ 322,597</b>                | <b>\$ 36</b> | <b>\$ 39,803</b> | <b>\$ 282,830</b> |
| <b>2024</b>                                      |                   |                                 |               |                                  |              |                  |                   |
| 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             |
| <b>Total</b>                                     | <b>\$ 339,436</b> | <b>\$ 16,171</b>                | <b>\$ 132</b> | <b>\$ 355,739</b>                | <b>\$ 28</b> | <b>\$ 53,907</b> | <b>\$ 301,860</b> |

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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, at December 31 follows:

|  | Less Than Twelve Months |                   | Twelve Months or More |                   | Total             |                   |
|--|-------------------------|-------------------|-----------------------|-------------------|-------------------|-------------------|
|  | Fair Value              | Unrealized Losses | Fair Value            | Unrealized Losses | Fair Value        | Unrealized Losses |
| (In thousands)                                   |                         |                   |                       |                   |                   |                   |
| 2025   |                         |                   |                       |                   |                   |                   |
| U.S. agency                                      | \$ 972                  | \$ 1              | \$ 6,884              | \$ 403            | \$ 7,856          | \$ 404            |
| U.S. agency residential mortgage-backed          | 6,931                   | 5                 | 49,103                | 6,501             | 56,034            | 6,506             |
| U.S. agency commercial mortgage-backed           | —                       | —                 | 7,186                 | 853               | 7,186             | 853               |
| Private label mortgage-backed                    | —                       | —                 | 39,234                | 2,443             | 39,234            | 2,443             |
| Other asset backed                               | 1,392                   | 3                 | 24,417                | 476               | 25,809            | 479               |
| Obligations of states and political subdivisions | 156                     | 9                 | 280,246               | 38,991            | 280,402           | 39,000            |
| Corporate  | —                       | —                 | 45,986                | 1,696             | 45,986            | 1,696             |
| Trust preferred                                  | —                       | —                 | 987                   | 3                 | 987               | 3                 |
| <b>Total</b>                                     | <b>\$ 9,451</b>         | <b>\$ 18</b>      | <b>\$ 454,043</b>     | <b>\$ 51,366</b>  | <b>\$ 463,494</b> | <b>\$ 51,384</b>  |
| 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                 |
| <b>Total</b>                                     | <b>\$ 8,700</b>         | <b>\$ 52</b>      | <b>\$ 531,888</b>     | <b>\$ 62,697</b>  | <b>\$ 540,588</b> | <b>\$ 62,749</b>  |

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 earnings. 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 December 31, 2025 and 2024. Accrued interest receivable on securities AFS totaled \$3.5 million and \$3.9 million at

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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

The following is a summary of securities AFS with an unrealized loss by grouping as of December 31, 2025.

U.S. agency, U.S. agency residential mortgage-backed and U.S. agency commercial mortgage backed securities — at December 31, 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 December 31, 2025, we had 48 private label mortgage backed, 39 other asset backed, and 51 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 December 31, 2025, we had 288 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 December 31, 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 December 31, 2025 management does not intend to liquidate any of the securities AFS discussed above and it is more likely than not that we will not be required to sell these securities AFS prior to recovery of these unrealized losses.

We recorded no credit related charges in our Consolidated Statements of Operations related to securities AFS during 2025, 2024, and 2023.

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 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 \$1.5 million and \$1.7 million at December 31, 2025 and 2024, respectively and is excluded from the estimate of credit losses and is included in accrued income and other assets in the 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 \$3.0 million provision for credit losses and a corresponding 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 December 31, 2025 and 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

On a quarterly basis, we monitor the credit quality of securities HTM through the use of credit ratings. The carrying value of securities HTM at December 31, aggregated by credit quality follow:

|                | Private<br>Label<br>Mortgage-<br>Backed | Obligations<br>of States<br>and Political<br>Subdivisions | Corporate        | Trust<br>Preferred | Carrying<br>Value<br>Total |
|----------------|---|---|------------------|--------------------|----------------------------|
| (In thousands) |   |   |                  |                    |                            |
| <b>2025</b>    |   |   |                  |                    |                            |
| Credit rating: |   |   |                  |                    |                            |
| AAA            | \$ 7,294                                | \$ 17,357   | \$ —             | \$ —               | \$ 24,651                  |
| AA             | —                                       | 116,264   | —                | —                  | 116,264                    |
| A              | —                                       | 2,740   | 3,500            | —                  | 6,240                      |
| BBB            | —                                       | 441   | 23,814           | —                  | 24,255                     |
| BB             | —                                       | —   | 1,983            | —                  | 1,983                      |
| Non-rated      | —                                       | 13,113  | 2,979            | 958                | 17,050                     |
| Total          | <u>\$ 7,294</u>                         | <u>\$ 149,915</u>   | <u>\$ 32,276</u> | <u>\$ 958</u>      | <u>\$ 190,443</u>          |
| <b>2024</b>    |   |   |                  |                    |                            |
| 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          | <u>\$ 7,350</u>                         | <u>\$ 156,305</u>   | <u>\$ 45,964</u> | <u>\$ 954</u>      | <u>\$ 210,573</u>          |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

An analysis of the ACL by security HTM type for the year ended December 31, follows:

|  | Private<br>Label<br>Mortgage-<br>Backed | Obligations<br>of States<br>and Political<br>Subdivisions | Corporate     | Trust<br>Preferred | Total         |
|--|---|---|---------------|--------------------|---------------|
|  | (In thousands)                          |   |               |                    |               |
| <b>2025</b>                                  |   |   |               |                    |               |
| 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                     | <u>\$ 2</u>                             | <u>\$ 19</u>  | <u>\$ 67</u>  | <u>\$ 4</u>        | <u>\$ 92</u>  |
| <b>2024</b>                                  |   |   |               |                    |               |
| Balance at beginning of period               | \$ 4                                    | \$ 33   | \$ 116        | \$ 4               | \$ 157        |
| Additions (deductions)                       |   |   |               |                    |               |
| Provision for credit losses                  | (3)                                     | (16)  | (1,130)       | (1)                | (1,150)       |
| Recoveries credited to the allowance         | —                                       | —   | 1,125         | —                  | 1,125         |
| Securities HTM charged against the allowance | —                                       | —   | —             | —                  | —             |
| Balance at end of period                     | <u>\$ 1</u>                             | <u>\$ 17</u>  | <u>\$ 111</u> | <u>\$ 3</u>        | <u>\$ 132</u> |
| <b>2023</b>                                  |   |   |               |                    |               |
| Balance at beginning of period               | \$ 1                                    | \$ 39   | \$ 123        | \$ 5               | \$ 168        |
| Additions (deductions)                       |   |   |               |                    |               |
| Provision for credit losses                  | 3                                       | (6)   | 2,993         | (1)                | 2,989         |
| Recoveries credited to the allowance         | —                                       | —   | —             | —                  | —             |
| Securities HTM charged against the allowance | —                                       | —   | (3,000)       | —                  | (3,000)       |
| Balance at end of period                     | <u>\$ 4</u>                             | <u>\$ 33</u>  | <u>\$ 116</u> | <u>\$ 4</u>        | <u>\$ 157</u> |

There were no securities HTM on nonaccrual or past due at December 31, 2025 and 2024.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

The amortized cost and fair value of securities AFS and securities HTM at December 31, 2025, by contractual maturity, follow:

|  | Securities AFS    |                   | Securities HTM    |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | Amortized Cost    | Fair Value        | Amortized Cost    | Fair Value        |
|  | (In thousands)    |                   |                   |                   |
| Maturing within one year                       | \$ 23,447         | \$ 23,218         | \$ 13,575         | \$ 13,448         |
| Maturing after one year but within five years  | 122,874           | 117,098           | 49,421            | 47,377            |
| Maturing after five years but within ten years | 44,713            | 40,445            | 83,561            | 75,354            |
| Maturing after ten years                       | 187,033           | 156,206           | 64,280            | 54,749            |
|  | <u>378,067</u>    | <u>336,967</u>    | <u>210,837</u>    | <u>190,928</u>    |
| U.S. agency residential mortgage-backed        | 87,435            | 81,065            | 100,588           | 81,251            |
| U.S. agency commercial mortgage-backed         | 8,039             | 7,186             | 3,796             | 3,547             |
| Private label mortgage-backed                  | 42,689            | 40,506            | 7,376             | 7,104             |
| Other asset backed                             | 30,633            | 30,185            | —                 | —                 |
| Total  | <u>\$ 546,863</u> | <u>\$ 495,909</u> | <u>\$ 322,597</u> | <u>\$ 282,830</u> |

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.

A summary of proceeds from the sale of securities available for sale and gains and losses for the years ended December 31 follow:

|      | Proceeds       | Realized |        |
|------|----------------|----------|--------|
|      |                | Gains    | Losses |
|      | (In thousands) |          |        |
| 2025 | \$ 32,193      | \$ 44    | \$ 414 |
| 2024 | 39,517         | 14       | 442    |
| 2023 | 278            | —        | 222    |

The tax benefit related to these net realized losses was \$0.08 million, \$0.09 million and \$0.05 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Securities AFS and HTM with a fair value of \$17.4 million and \$13.5 million at December 31, 2025 and 2024, respectively, were pledged to secure borrowings, derivatives, public deposits and for other purposes as required by law. There were no investment obligations of state and political subdivisions that were payable from or secured by the same source of revenue or taxing authority that exceeded 10% of consolidated total shareholders' equity at December 31, 2025 or 2024.

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 in 2024. For the year ended December 31, 2024, we recognized a gain on these equity securities of \$2.7 million that was included in net gains on equity securities at fair value in the Consolidated Statements of Operations. We had no equity securities at December 31, 2025. See note #11.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

## NOTE 4 – LOANS

Our loan portfolios by class at December 31 follow:

|                                       | 2025                | 2024                |
|---------------------------------------|---------------------|---------------------|
|                                       | (In thousands)      |                     |
| <b>Commercial</b>                     |                     |                     |
| Commercial and industrial             | \$ 1,158,841        | \$ 1,001,329        |
| Commercial real estate                | 1,054,716           | 936,035             |
| Total commercial                      | <u>2,213,557</u>    | <u>1,937,364</u>    |
| <b>Mortgage</b>                       |                     |                     |
| 1-4 family owner occupied - jumbo     | 878,761             | 875,551             |
| 1-4 family owner occupied - non-jumbo | 289,562             | 299,142             |
| 1-4 family non-owner occupied         | 172,293             | 176,950             |
| 1-4 family - 2nd lien                 | 157,597             | 133,947             |
| Resort lending                        | 26,608              | 31,136              |
| Total mortgage                        | <u>1,524,821</u>    | <u>1,516,726</u>    |
| <b>Installment</b>                    |                     |                     |
| Boat lending                          | 272,512             | 264,341             |
| Recreational vehicle lending          | 191,857             | 224,537             |
| Other                                 | 73,538              | 95,857              |
| Total installment                     | <u>537,907</u>      | <u>584,735</u>      |
| Total loans                           | 4,276,285           | 4,038,825           |
| Allowance for credit losses           | (63,445)            | (59,379)            |
| Net Loans                             | <u>\$ 4,212,840</u> | <u>\$ 3,979,446</u> |

Loans include net deferred loan costs of \$22.7 million and \$24.4 million at December 31, 2025 and 2024, respectively.

During 2025, we sold \$22.2 million of portfolio residential fixed rate and adjustable rate mortgage loans servicing retained and recognized a gain on sale of \$0.41 million. During 2024, we sold \$20.8 million of portfolio residential fixed and adjustable rate mortgage loans servicing retained and recognized a gain on sale of \$0.42 million. During 2023, we sold \$56.7 million of portfolio residential fixed and adjustable rate mortgage loans servicing retained and recognized a loss on sale of \$0.14 million. These loan sale transactions were done primarily for asset/liability management purposes.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

An analysis of the ACL by portfolio segment for the years ended December 31 follows:

|                                     | <b>Commercial</b>     | <b>Mortgage</b>  | <b>Installment</b> | <b>Subjective<br/>Allocation</b> | <b>Total</b>     |
|-------------------------------------|-----------------------|------------------|--------------------|----------------------------------|------------------|
|                                     | <b>(In thousands)</b> |                  |                    |                                  |                  |
| <b>2025</b>                         |                       |                  |                    |                                  |                  |
| Balance at beginning of period      | \$ 22,872             | \$ 22,317        | \$ 3,040           | \$ 11,150                        | \$ 59,379        |
| Additions (deductions)              |                       |                  |                    |                                  |                  |
| Provision for credit losses         | 6,138                 | (1,559)          | 1,367              | (270)                            | 5,676            |
| Recoveries credited to allowance    | 80                    | 289              | 1,893              | —                                | 2,262            |
| Loans charged against the allowance | (78)                  | (133)            | (3,661)            | —                                | (3,872)          |
| Balance at end of period            | <u>\$ 29,012</u>      | <u>\$ 20,914</u> | <u>\$ 2,639</u>    | <u>\$ 10,880</u>                 | <u>\$ 63,445</u> |
| <b>2024</b>                         |                       |                  |                    |                                  |                  |
| Balance at beginning of period      | \$ 16,724             | \$ 21,386        | \$ 4,126           | \$ 12,422                        | \$ 54,658        |
| Additions (deductions)              |                       |                  |                    |                                  |                  |
| Provision for credit losses         | 5,903                 | 922              | 65                 | (1,272)                          | 5,618            |
| Recoveries credited to allowance    | 249                   | 309              | 2,153              | —                                | 2,711            |
| Loans charged against the allowance | (4)                   | (300)            | (3,304)            | —                                | (3,608)          |
| Balance at end of period            | <u>\$ 22,872</u>      | <u>\$ 22,317</u> | <u>\$ 3,040</u>    | <u>\$ 11,150</u>                 | <u>\$ 59,379</u> |
| <b>2023</b>                         |                       |                  |                    |                                  |                  |
| Balance at beginning of period      | \$ 13,817             | \$ 21,633        | \$ 4,290           | \$ 12,695                        | \$ 52,435        |
| Additions (deductions)              |                       |                  |                    |                                  |                  |
| Provision for credit losses         | 3,430                 | (445)            | 509                | (273)                            | 3,221            |
| Recoveries credited to allowance    | 531                   | 352              | 1,915              | —                                | 2,798            |
| Loans charged against the allowance | (1,054)               | (154)            | (2,588)            | —                                | (3,796)          |
| Balance at end of period            | <u>\$ 16,724</u>      | <u>\$ 21,386</u> | <u>\$ 4,126</u>    | <u>\$ 12,422</u>                 | <u>\$ 54,658</u> |

The allocation of the ACL by portfolio segment at December 31 follows:

|                       | 2025  |  | 2024  |  |
|-----------------------|---|--|---|--|
|                       | Allowance<br>for Credit<br>Losses<br>Amount | Percent<br>of Loans<br>to Total<br>Portfolio Loans | Allowance<br>for Credit<br>Losses<br>Amount | Percent<br>of Loans<br>to Total<br>Portfolio Loans |
|                       | (Dollars in thousands)                      |  |   |  |
| Commercial            | \$ 29,012                                   | 51.8 %   | \$ 22,872                                   | 48.0 %   |
| Mortgage              | 20,914                                      | 35.7   | 22,317                                      | 37.5   |
| Installment           | 2,639                                       | 12.6   | 3,040                                       | 14.5   |
| Subjective allocation | 10,880                                      | —  | 11,150                                      | —  |
| Total                 | <u>\$ 63,445</u>                            | <u>100.0 %</u>                                     | <u>\$ 59,379</u>                            | <u>100.0 %</u>                                     |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Loans on non-accrual status and past due more than 90 days (“Non-performing Loans”) at December 31 follow:

|   | Non-Accrual with no<br>Allowance for Credit Loss | Non-Accrual<br>with an Allowance for<br>Credit Loss | Total<br>Non-<br>Accrual | 90+ and<br>Still<br>Accruing | Total Non-<br>Performing<br>Loans |
|---|--|---|--------------------------|------------------------------|-----------------------------------|
| (In thousands)                            |  |   |                          |                              |                                   |
| 2025                                      |  |   |                          |                              |                                   |
| Commercial                                |  |   |                          |                              |                                   |
| Commercial and industrial                 | \$ —   | \$ —  | \$ —                     | \$ —                         | \$ —                              |
| Commercial real estate (1)                | 9,261  | 7,252   | 16,513                   | —                            | 16,513                            |
| Mortgage                                  |  |   |                          |                              |                                   |
| 1-4 family owner occupied - jumbo         | 2,145  | —   | 2,145                    | —                            | 2,145                             |
| 1-4 family owner occupied - non-jumbo (2) | 1,700  | 670   | 2,370                    | —                            | 2,370                             |
| 1-4 family non-owner occupied             | —  | 94  | 94                       | —                            | 94                                |
| 1-4 family - 2nd lien                     | 200  | 888   | 1,088                    | —                            | 1,088                             |
| Resort lending                            | —  | 57  | 57                       | —                            | 57                                |
| Installment                               |  |   |                          |                              |                                   |
| Boat lending                              | —  | 308   | 308                      | —                            | 308                               |
| Recreational vehicle lending              | —  | 354   | 354                      | —                            | 354                               |
| Other                                     | —  | 198   | 198                      | —                            | 198                               |
| Total                                     | \$ 13,306  | \$ 9,821  | \$ 23,127                | \$ —                         | \$ 23,127                         |
| Accrued interest excluded from total      | \$ —   | \$ —  | \$ —                     | \$ —                         | \$ —                              |
| 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 real estate loans exclude \$7.018 million of government guaranteed loans at December 31, 2025 and non-performing commercial and industrial loans exclude \$0.005 million of government guaranteed loans at December 31, 2024.
- (2) Non-performing 1-4 family owner occupied – non jumbo loans exclude \$2.929 million and \$1.785 million of government guaranteed loans at December 31, 2025 and 2024, respectively.

If non-performing loans had continued to accrue interest in accordance with their original terms, approximately \$0.8 million, \$0.3 million and \$0.3 million of interest income would have been recognized in each of the years ended 2025,

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

2024 and 2023, respectively. Interest income recorded on these loans was approximately zero during each of the years ended 2025, 2024 and 2023.

The following table provides collateral information by class of loan for collateral-dependent loans. 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 at December 31, follows:

|                                       | Collateral Type  |                 | Allowance<br>for<br>Credit Losses |
|---------------------------------------|------------------|-----------------|-----------------------------------|
|                                       | Real<br>Estate   | Other (1)       |                                   |
|                                       | (In thousands)   |                 |                                   |
| <b>2025</b>                           |                  |                 |                                   |
| <b>Commercial</b>                     |                  |                 |                                   |
| Commercial and industrial             | \$ 680           | \$ 8,841        | \$ 1,631                          |
| Commercial real estate                | 28,047           | —               | 4,541                             |
| <b>Mortgage</b>                       |                  |                 |                                   |
| 1-4 family owner occupied - jumbo     | 2,147            | —               | —                                 |
| 1-4 family owner occupied - non-jumbo | 2,371            | —               | 239                               |
| 1-4 family non-owner occupied         | 22               | —               | 8                                 |
| 1-4 family - 2nd lien                 | 569              | —               | 131                               |
| Resort lending                        | 57               | —               | 20                                |
| <b>Installment</b>                    |                  |                 |                                   |
| Boat lending                          | —                | 233             | 83                                |
| Recreational vehicle lending          | —                | 237             | 84                                |
| Other                                 | —                | 109             | 39                                |
| <b>Total</b>                          | <b>\$ 33,893</b> | <b>\$ 9,420</b> | <b>\$ 6,776</b>                   |
| Accrued interest excluded from total  | \$ 73            | \$ 54           |                                   |
| <b>2024</b>                           |                  |                 |                                   |
| <b>Commercial</b>                     |                  |                 |                                   |
| Commercial and industrial             | \$ 686           | \$ 5,166        | \$ 1,647                          |
| Commercial real estate                | 817              | —               | 3                                 |
| <b>Mortgage</b>                       |                  |                 |                                   |
| 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                                |
| <b>Installment</b>                    |                  |                 |                                   |
| Boat lending                          | —                | 87              | 31                                |
| Recreational vehicle lending          | —                | 266             | 94                                |
| Other                                 | —                | 92              | 33                                |
| <b>Total</b>                          | <b>\$ 6,539</b>  | <b>\$ 5,611</b> | <b>\$ 2,300</b>                   |
| Accrued interest excluded from total  | \$ 5             | \$ 34           |                                   |

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

An aging analysis of loans by class at December 31 follows:

|                                       | Loans Past Due  |                  |                 |                  | Loans not<br>Past Due | Total<br>Loans      |
|---------------------------------------|-----------------|------------------|-----------------|------------------|-----------------------|---------------------|
|                                       | 30-59 days      | 60-89 days       | 90+ days        | Total            |                       |                     |
| (In thousands)                        |                 |                  |                 |                  |                       |                     |
| 2025                                  |                 |                  |                 |                  |                       |                     |
| Commercial                            |                 |                  |                 |                  |                       |                     |
| Commercial and industrial             | \$ —            | \$ —             | \$ —            | \$ —             | \$ 1,158,841          | \$ 1,158,841        |
| Commercial real estate                | —               | 22,988           | 3,900           | 26,888           | 1,027,828             | 1,054,716           |
| Mortgage                              |                 |                  |                 |                  |                       |                     |
| 1-4 family owner occupied - jumbo     | 716             | 660              | 2,164           | 3,540            | 875,221               | 878,761             |
| 1-4 family owner occupied - non-jumbo | 1,381           | 757              | 1,301           | 3,439            | 286,123               | 289,562             |
| 1-4 family non-owner occupied         | 119             | 29               | 22              | 170              | 172,123               | 172,293             |
| 1-4 family - 2nd lien                 | 270             | 235              | 460             | 965              | 156,632               | 157,597             |
| Resort lending                        | —               | —                | 57              | 57               | 26,551                | 26,608              |
| Installment                           |                 |                  |                 |                  |                       |                     |
| Boat lending                          | 287             | 200              | 242             | 729              | 271,783               | 272,512             |
| Recreational vehicle lending          | 550             | 205              | 230             | 985              | 190,872               | 191,857             |
| Other                                 | 475             | 74               | 58              | 607              | 72,931                | 73,538              |
| <b>Total</b>                          | <b>\$ 3,798</b> | <b>\$ 25,148</b> | <b>\$ 8,434</b> | <b>\$ 37,380</b> | <b>\$ 4,238,905</b>   | <b>\$ 4,276,285</b> |
| Accrued interest excluded from total  | \$ 37           | \$ 78            | \$ —            | \$ 115           | \$ 13,837             | \$ 13,952           |
| 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              |
| <b>Total</b>                          | <b>\$ 6,339</b> | <b>\$ 3,035</b>  | <b>\$ 3,525</b> | <b>\$ 12,899</b> | <b>\$ 4,025,926</b>   | <b>\$ 4,038,825</b> |
| Accrued interest excluded from total  | \$ 65           | \$ 44            | \$ —            | \$ 109           | \$ 13,352             | \$ 13,461           |

For the year ended December 31, 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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

modifications during the year ended December 31, 2025 involved term extensions and added a weighted average 12.0 years to the life of the loans.

One of the mortgage - 1-4 family owner occupied - non-jumbo loans modified during the year ended December 31, 2025 also received a 4.750% interest rate reduction.

Of the loans modified during the year ended December 31, 2025, one is on non-accrual status totaling \$0.07 million.

For the year ended December 31, 2024 there were five mortgage - 1-4 family owner occupied - non-jumbo loans and one mortgage 1-4 family - 2nd lien loan modified to borrowers experiencing financial difficulty totaling \$0.51 million (0.1% of the total loan class) and \$0.07 million (0.1% of the total loan class), respectively. All of the loan modifications during the year ended December 31, 2024 involved term extensions and added a weighted average 7.1 years to the life of the loans.

One of the mortgage - 1-4 family owner occupied - non-jumbo loans modified during the year ended December 31, 2024 also received a 3.625% interest rate reduction.

Of the loans modified during the year ended December 31, 2024, none are on non-accrual or 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

The following tables summarize loan ratings by loan class for our commercial loan portfolio segment at December 31:

|                                      | Commercial  |                   |                   |                   |                   |                   |                   | Revolving<br>Loans<br>Amortized<br>Cost Basis | Total |
|--------------------------------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---|-------|
|                                      | Term Loans Amortized Cost Basis by Origination Year |                   |                   |                   |                   |                   |                   |   |       |
|                                      | 2025  | 2024              | 2023              | 2022              | 2021              | Prior             |                   |   |       |
| (In thousands)                       |   |                   |                   |                   |                   |                   |                   |   |       |
| December 31, 2025                    |   |                   |                   |                   |                   |                   |                   |   |       |
| Commercial and industrial            |   |                   |                   |                   |                   |                   |                   |   |       |
| Non-watch (1-6)                      | \$ 199,338  | \$ 188,309        | \$ 131,090        | \$ 115,518        | \$ 45,116         | \$ 140,699        | \$ 300,540        | \$ 1,120,610                                  |       |
| Watch (7-8)                          | 501   | 1,911             | 4,330             | 2,705             | 2,052             | 8,360             | 8,848             | 28,707  |       |
| Substandard Accrual (9)              | 940   | 1,710             | —                 | —                 | 820               | 275               | 5,779             | 9,524   |       |
| Non-Accrual (10-11)                  | —   | —                 | —                 | —                 | —                 | —                 | —                 | —   |       |
| <b>Total</b>                         | <b>\$ 200,779</b>                                   | <b>\$ 191,930</b> | <b>\$ 135,420</b> | <b>\$ 118,223</b> | <b>\$ 47,988</b>  | <b>\$ 149,334</b> | <b>\$ 315,167</b> | <b>\$ 1,158,841</b>                           |       |
| Accrued interest excluded from total | \$ 564  | \$ 570            | \$ 477            | \$ 288            | \$ 95             | \$ 418            | \$ 1,139          | \$ 3,551                                      |       |
| Current period gross charge-offs     | \$ —  | \$ —              | \$ 78             | \$ —              | \$ —              | \$ —              | \$ —              | \$ 78   |       |
| Commercial real estate               |   |                   |                   |                   |                   |                   |                   |   |       |
| Non-watch (1-6)                      | \$ 204,584  | \$ 162,957        | \$ 167,203        | \$ 159,948        | \$ 66,116         | \$ 184,907        | \$ 56,611         | \$ 1,002,326                                  |       |
| Watch (7-8)                          | —   | 823               | 4,162             | 13,887            | —                 | 4,840             | 625               | 24,337  |       |
| Substandard Accrual (9)              | 3,348   | —                 | 396               | —                 | 126               | 652               | —                 | 4,522   |       |
| Non-Accrual (10-11)                  | 4,878   | 490               | 18,163            | —                 | —                 | —                 | —                 | 23,531  |       |
| <b>Total</b>                         | <b>\$ 212,810</b>                                   | <b>\$ 164,270</b> | <b>\$ 189,924</b> | <b>\$ 173,835</b> | <b>\$ 66,242</b>  | <b>\$ 190,399</b> | <b>\$ 57,236</b>  | <b>\$ 1,054,716</b>                           |       |
| Accrued interest excluded from total | \$ 695  | \$ 555            | \$ 494            | \$ 624            | \$ 141            | \$ 703            | \$ 138            | \$ 3,350                                      |       |
| Current period gross charge-offs     | \$ —  | \$ —              | \$ —              | \$ —              | \$ —              | \$ —              | \$ —              | \$ —  |       |
| <b>Total Commercial</b>              |   |                   |                   |                   |                   |                   |                   |   |       |
| Non-watch (1-6)                      | \$ 403,922  | \$ 351,266        | \$ 298,293        | \$ 275,466        | \$ 111,232        | \$ 325,606        | \$ 357,151        | \$ 2,122,936                                  |       |
| Watch (7-8)                          | 501   | 2,734             | 8,492             | 16,592            | 2,052             | 13,200            | 9,473             | 53,044  |       |
| Substandard Accrual (9)              | 4,288   | 1,710             | 396               | —                 | 946               | 927               | 5,779             | 14,046  |       |
| Non-Accrual (10-11)                  | 4,878   | 490               | 18,163            | —                 | —                 | —                 | —                 | 23,531  |       |
| <b>Total</b>                         | <b>\$ 413,589</b>                                   | <b>\$ 356,200</b> | <b>\$ 325,344</b> | <b>\$ 292,058</b> | <b>\$ 114,230</b> | <b>\$ 339,733</b> | <b>\$ 372,403</b> | <b>\$ 2,213,557</b>                           |       |
| Accrued interest excluded from total | \$ 1,259  | \$ 1,125          | \$ 971            | \$ 912            | \$ 236            | \$ 1,121          | \$ 1,277          | \$ 6,901                                      |       |
| Current period gross charge-offs     | \$ —  | \$ —              | \$ 78             | \$ —              | \$ —              | \$ —              | \$ —              | \$ 78   |       |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

|                                      | Commercial  |                   |                   |                   |                   |                   | Revolving<br>Loans<br>Amortized<br>Cost Basis | Total               |
|--------------------------------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|---|---------------------|
|                                      | Term Loans Amortized Cost Basis by Origination Year |                   |                   |                   |                   |                   |   |                     |
|                                      | 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                  |
| <b>Total</b>                         | <b>\$ 196,302</b>                                   | <b>\$ 142,377</b> | <b>\$ 145,523</b> | <b>\$ 82,482</b>  | <b>\$ 78,831</b>  | <b>\$ 106,624</b> | <b>\$ 249,190</b>                             | <b>\$ 1,001,329</b> |
| Accrued interest excluded from total | \$ 612  | \$ 478            | \$ 361            | \$ 217            | \$ 342            | \$ 341            | \$ 959  | \$ 3,310            |
| Current period gross charge-offs     | \$ —  | \$ —              | \$ —              | \$ —              | \$ —              | \$ 4              | \$ —  | \$ 4                |
| 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)                  | —   | —                 | —                 | —                 | —                 | —                 | —   | —                   |
| <b>Total</b>                         | <b>\$ 142,154</b>                                   | <b>\$ 236,390</b> | <b>\$ 169,328</b> | <b>\$ 75,188</b>  | <b>\$ 49,969</b>  | <b>\$ 172,048</b> | <b>\$ 90,958</b>                              | <b>\$ 936,035</b>   |
| 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                  |
| <b>Total</b>                         | <b>\$ 338,456</b>                                   | <b>\$ 378,767</b> | <b>\$ 314,851</b> | <b>\$ 157,670</b> | <b>\$ 128,800</b> | <b>\$ 278,672</b> | <b>\$ 340,148</b>                             | <b>\$ 1,937,364</b> |
| Accrued interest excluded from total | \$ 1,220  | \$ 1,110          | \$ 989            | \$ 383            | \$ 473            | \$ 999            | \$ 1,322                                      | \$ 6,496            |
| Current period gross charge-offs     | \$ —  | \$ —              | \$ —              | \$ —              | \$ —              | \$ 4              | \$ —  | \$ 4                |

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 December 31:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

|                                       | Mortgage (1)  |           |           |            |            |            |            | Revolving<br>Loans<br>Amortized<br>Cost Basis | Total |
|---------------------------------------|---|-----------|-----------|------------|------------|------------|------------|---|-------|
|                                       | Term Loans Amortized Cost Basis by Origination Year |           |           |            |            |            |            |   |       |
|                                       | 2025  | 2024      | 2023      | 2022       | 2021       | Prior      |            |   |       |
| (In thousands)                        |   |           |           |            |            |            |            |   |       |
| December 31, 2025                     |   |           |           |            |            |            |            |   |       |
| 1-4 family owner occupied - jumbo     |   |           |           |            |            |            |            |   |       |
| 800 and above                         | \$ 10,135   | \$ 3,881  | \$ 13,290 | \$ 40,752  | \$ 55,563  | \$ 35,693  | \$ 1,668   | \$ 160,982                                    |       |
| 750-799                               | 51,765  | 33,022    | 25,431    | 89,810     | 168,312    | 75,497     | 1,906      | 445,743                                       |       |
| 700-749                               | 16,958  | 11,934    | 11,935    | 32,634     | 68,111     | 30,819     | 518        | 172,909                                       |       |
| 650-699                               | 7,923   | 5,188     | 7,533     | 17,251     | 13,827     | 15,953     | 1,500      | 69,175  |       |
| 600-649                               | 1,267   | 867       | 1,568     | 1,170      | 4,031      | 3,370      | —          | 12,273  |       |
| 550-599                               | —   | —         | —         | 5,161      | 1,644      | 3,040      | —          | 9,845   |       |
| 500-549                               | —   | —         | 1,273     | 3,936      | 720        | 1,905      | —          | 7,834   |       |
| Under 500                             | —   | —         | —         | —          | —          | —          | —          | —   |       |
| Unknown                               | —   | —         | —         | —          | —          | —          | —          | —   |       |
| Total                                 | \$ 88,048   | \$ 54,892 | \$ 61,030 | \$ 190,714 | \$ 312,208 | \$ 166,277 | \$ 5,592   | \$ 878,761                                    |       |
| Accrued interest excluded from total  | \$ 388  | \$ 263    | \$ 302    | \$ 552     | \$ 695     | \$ 432     | \$ 43      | \$ 2,675                                      |       |
| Current period gross charge-offs      | \$ —  | \$ —      | \$ —      | \$ —       | \$ —       | \$ —       | \$ —       | \$ —  |       |
| 1-4 family owner occupied - non-jumbo |   |           |           |            |            |            |            |   |       |
| 800 and above                         | \$ 5,270  | \$ 2,088  | \$ 4,148  | \$ 13,160  | \$ 9,606   | \$ 14,616  | \$ 4,613   | \$ 53,501                                     |       |
| 750-799                               | 8,911   | 6,532     | 9,828     | 26,722     | 21,376     | 30,100     | 13,508     | 116,977                                       |       |
| 700-749                               | 2,593   | 4,978     | 3,803     | 8,981      | 8,552      | 23,235     | 5,702      | 57,844  |       |
| 650-699                               | 2,343   | 788       | 1,960     | 5,046      | 4,154      | 12,947     | 1,586      | 28,824  |       |
| 600-649                               | 366   | 301       | 214       | 2,610      | 1,153      | 9,218      | 168        | 14,030  |       |
| 550-599                               | —   | —         | 382       | 1,570      | 721        | 6,547      | 41         | 9,261   |       |
| 500-549                               | —   | —         | —         | 291        | 779        | 5,303      | 60         | 6,433   |       |
| Under 500                             | —   | 85        | —         | 602        | 242        | 1,763      | —          | 2,692   |       |
| Unknown                               | —   | —         | —         | —          | —          | —          | —          | —   |       |
| Total                                 | \$ 19,483   | \$ 14,772 | \$ 20,335 | \$ 58,982  | \$ 46,583  | \$ 103,729 | \$ 25,678  | \$ 289,562                                    |       |
| Accrued interest excluded from total  | \$ 123  | \$ 94     | \$ 89     | \$ 180     | \$ 109     | \$ 377     | \$ 181     | \$ 1,153                                      |       |
| Current period gross charge-offs      | \$ —  | \$ —      | \$ —      | \$ 19      | \$ 6       | \$ 5       | \$ —       | \$ 30   |       |
| 1-4 family non-owner occupied         |   |           |           |            |            |            |            |   |       |
| 800 and above                         | \$ 3,958  | \$ 2,399  | \$ 3,229  | \$ 3,693   | \$ 10,379  | \$ 10,302  | \$ 943     | \$ 34,903                                     |       |
| 750-799                               | 13,466  | 10,671    | 9,247     | 13,152     | 26,912     | 19,293     | 1,452      | 94,193  |       |
| 700-749                               | 4,343   | 2,349     | 1,174     | 2,551      | 3,439      | 8,540      | 1,618      | 24,014  |       |
| 650-699                               | 1,046   | 1,263     | 487       | 2,747      | 3,427      | 6,127      | 402        | 15,499  |       |
| 600-649                               | —   | 708       | —         | 77         | —          | 1,470      | —          | 2,255   |       |
| 550-599                               | —   | —         | —         | 367        | —          | 717        | —          | 1,084   |       |
| 500-549                               | —   | —         | —         | —          | 50         | 253        | —          | 303   |       |
| Under 500                             | —   | —         | —         | —          | —          | 42         | —          | 42  |       |
| Unknown                               | —   | —         | —         | —          | —          | —          | —          | —   |       |
| Total                                 | \$ 22,813   | \$ 17,390 | \$ 14,137 | \$ 22,587  | \$ 44,207  | \$ 46,744  | \$ 4,415   | \$ 172,293                                    |       |
| Accrued interest excluded from total  | \$ 96   | \$ 89     | \$ 70     | \$ 86      | \$ 115     | \$ 168     | \$ 30      | \$ 654  |       |
| Current period gross charge-offs      | \$ —  | \$ —      | \$ —      | \$ —       | \$ —       | \$ 11      | \$ —       | \$ 11   |       |
| 1-4 family - 2nd lien                 |   |           |           |            |            |            |            |   |       |
| 800 and above                         | \$ 1,256  | \$ 367    | \$ 351    | \$ 461     | \$ 789     | \$ 1,454   | \$ 16,797  | \$ 21,475                                     |       |
| 750-799                               | 3,122   | 2,528     | 2,142     | 1,830      | 2,006      | 3,651      | 56,532     | 71,811  |       |
| 700-749                               | 2,759   | 1,225     | 1,310     | 1,505      | 1,502      | 2,454      | 29,585     | 40,340  |       |
| 650-699                               | 805   | 367       | 339       | 454        | 285        | 1,517      | 11,914     | 15,681  |       |
| 600-649                               | —   | 141       | 124       | 107        | 250        | 525        | 2,157      | 3,304   |       |
| 550-599                               | —   | 41        | 225       | 72         | 53         | 650        | 1,770      | 2,811   |       |
| 500-549                               | —   | 16        | 423       | 108        | 200        | 537        | 417        | 1,701   |       |
| Under 500                             | —   | —         | 154       | 111        | —          | 209        | —          | 474   |       |
| Unknown                               | —   | —         | —         | —          | —          | —          | —          | —   |       |
| Total                                 | \$ 7,942  | \$ 4,685  | \$ 5,068  | \$ 4,648   | \$ 5,085   | \$ 10,997  | \$ 119,172 | \$ 157,597                                    |       |
| Accrued interest excluded from total  | \$ 23   | \$ 18     | \$ 22     | \$ 19      | \$ 13      | \$ 37      | \$ 767     | \$ 899  |       |
| Current period gross charge-offs      | \$ —  | \$ —      | \$ —      | \$ —       | \$ —       | \$ 6       | \$ —       | \$ 6  |       |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

|                                      |    | Mortgage - continued (1)                            |      |        |      |         |       | Revolving |            |         |    |         |    |         |    |           |
|--------------------------------------|----|---|------|--------|------|---------|-------|-----------|------------|---------|----|---------|----|---------|----|-----------|
|                                      |    | Term Loans Amortized Cost Basis by Origination Year |      |        |      |         |       | Loans     |            |         |    |         |    |         |    |           |
|                                      |    | 2025  | 2024 | 2023   | 2022 | 2021    | Prior | Amortized | Total      |         |    |         |    |         |    |           |
|                                      |    |   |      |        |      |         |       |           | Cost Basis |         |    |         |    |         |    |           |
|                                      |    | (In thousands)                                      |      |        |      |         |       |           |            |         |    |         |    |         |    |           |
| December 31, 2025                    |    |   |      |        |      |         |       |           |            |         |    |         |    |         |    |           |
| Resort lending                       |    |   |      |        |      |         |       |           |            |         |    |         |    |         |    |           |
| 800 and above                        | \$ | —   | \$   | —      | \$   | —       | \$    | 524       | \$         | 4,127   | \$ | —       | \$ | 4,651   |    |           |
| 750-799                              |    | 121   |      | —      |      | 22      |       | 366       |            | 156     |    | 10,704  |    | 11,369  |    |           |
| 700-749                              |    | —   |      | —      |      | —       |       | —         |            | 484     |    | 3,644   |    | 4,128   |    |           |
| 650-699                              |    | —   |      | —      |      | —       |       | —         |            | —       |    | 5,148   |    | 5,148   |    |           |
| 600-649                              |    | —   |      | —      |      | —       |       | —         |            | —       |    | 955     |    | 955     |    |           |
| 550-599                              |    | —   |      | —      |      | —       |       | —         |            | —       |    | —       |    | —       |    |           |
| 500-549                              |    | —   |      | —      |      | —       |       | —         |            | —       |    | 357     |    | 357     |    |           |
| Under 500                            |    | —   |      | —      |      | —       |       | —         |            | —       |    | —       |    | —       |    |           |
| Unknown                              |    | —   |      | —      |      | —       |       | —         |            | —       |    | —       |    | —       |    |           |
| Total                                | \$ | 121   | \$   | —      | \$   | 22      | \$    | 366       | \$         | 1,164   | \$ | 24,935  | \$ | —       | \$ | 26,608    |
| Accrued interest excluded from total | \$ | 1   | \$   | —      | \$   | —       | \$    | 1         | \$         | 3       | \$ | 117     | \$ | —       | \$ | 122       |
| Current period gross charge-offs     | \$ | —   | \$   | —      | \$   | —       | \$    | —         | \$         | —       | \$ | 86      | \$ | —       | \$ | 86        |
| Total Mortgage                       |    |   |      |        |      |         |       |           |            |         |    |         |    |         |    |           |
| 800 and above                        | \$ | 20,619  | \$   | 8,735  | \$   | 21,018  | \$    | 58,066    | \$         | 76,861  | \$ | 66,192  | \$ | 24,021  | \$ | 275,512   |
| 750-799                              |    | 77,385  |      | 52,753 |      | 46,670  |       | 131,880   |            | 218,762 |    | 139,245 |    | 73,398  |    | 740,093   |
| 700-749                              |    | 26,653  |      | 20,486 |      | 18,222  |       | 45,671    |            | 82,088  |    | 68,692  |    | 37,423  |    | 299,235   |
| 650-699                              |    | 12,117  |      | 7,606  |      | 10,319  |       | 25,498    |            | 21,693  |    | 41,692  |    | 15,402  |    | 134,327   |
| 600-649                              |    | 1,633   |      | 2,017  |      | 1,906   |       | 3,964     |            | 5,434   |    | 15,538  |    | 2,325   |    | 32,817    |
| 550-599                              |    | —   |      | 41     |      | 607     |       | 7,170     |            | 2,418   |    | 10,954  |    | 1,811   |    | 23,001    |
| 500-549                              |    | —   |      | 16     |      | 1,696   |       | 4,335     |            | 1,749   |    | 8,355   |    | 477     |    | 16,628    |
| Under 500                            |    | —   |      | 85     |      | 154     |       | 713       |            | 242     |    | 2,014   |    | —       |    | 3,208     |
| Unknown                              |    | —   |      | —      |      | —       |       | —         |            | —       |    | —       |    | —       |    | —         |
| Total                                | \$ | 138,407   | \$   | 91,739 | \$   | 100,592 | \$    | 277,297   | \$         | 409,247 | \$ | 352,682 | \$ | 154,857 | \$ | 1,524,821 |
| Accrued interest excluded from total | \$ | 631   | \$   | 464    | \$   | 483     | \$    | 838       | \$         | 935     | \$ | 1,131   | \$ | 1,021   | \$ | 5,503     |
| Current period gross charge-offs     | \$ | —   | \$   | —      | \$   | —       | \$    | 19        | \$         | 6       | \$ | 108     | \$ | —       | \$ | 133       |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

|                                       | Mortgage (1)  |           |            |            |            |           |           | Revolving<br>Loans<br>Amortized<br>Cost Basis | Total |
|---------------------------------------|---|-----------|------------|------------|------------|-----------|-----------|---|-------|
|                                       | Term Loans Amortized Cost Basis by Origination Year |           |            |            |            |           |           |   |       |
|                                       | 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  |       |
| 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   |       |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

| Mortgage - continued (1)                            |            |            |            |            |            |            |   |       |      |              |
|---|------------|------------|------------|------------|------------|------------|---|-------|------|--------------|
| Term Loans Amortized Cost Basis by Origination Year |            |            |            |            |            |            |   |       |      |              |
|   | 2024       | 2023       | 2022       | 2021       | 2020       | Prior      | Revolving<br>Loans<br>Amortized<br>Cost Basis | Total |      |              |
| (In thousands)                                      |            |            |            |            |            |            |   |       |      |              |
| December 31, 2024                                   |            |            |            |            |            |            |   |       |      |              |
| 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 CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

|                                      | Installment (1)                                     |           |           |            |            |            |            |
|--------------------------------------|---|-----------|-----------|------------|------------|------------|------------|
|                                      | Term Loans Amortized Cost Basis by Origination Year |           |           |            |            |            |            |
|                                      | 2025  | 2024      | 2023      | 2022       | 2021       | Prior      | Total      |
| (In thousands)                       |   |           |           |            |            |            |            |
| December 31, 2025                    |   |           |           |            |            |            |            |
| Boat lending                         |   |           |           |            |            |            |            |
| 800 and above                        | \$ 7,160  | \$ 4,306  | \$ 5,878  | \$ 7,190   | \$ 8,111   | \$ 11,036  | \$ 43,681  |
| 750-799                              | 32,694  | 21,095    | 23,561    | 23,385     | 19,814     | 27,759     | 148,308    |
| 700-749                              | 11,208  | 10,315    | 8,793     | 9,887      | 7,279      | 10,511     | 57,993     |
| 650-699                              | 2,418   | 2,569     | 2,482     | 2,312      | 2,609      | 3,743      | 16,133     |
| 600-649                              | 907   | 366       | 598       | 808        | 622        | 798        | 4,099      |
| 550-599                              | 33  | 188       | 118       | 275        | 383        | 552        | 1,549      |
| 500-549                              | —   | 137       | 87        | 97         | 183        | 169        | 673        |
| Under 500                            | —   | 35        | 35        | —          | —          | 6          | 76         |
| Unknown                              | —   | —         | —         | —          | —          | —          | —          |
| Total                                | \$ 54,420   | \$ 39,011 | \$ 41,552 | \$ 43,954  | \$ 39,001  | \$ 54,574  | \$ 272,512 |
| Accrued interest excluded from total | \$ 185  | \$ 151    | \$ 149    | \$ 96      | \$ 85      | \$ 112     | \$ 778     |
| Current period gross charge-offs     | \$ 14   | \$ 42     | \$ 6      | \$ 336     | \$ 28      | \$ 188     | \$ 614     |
| Recreational vehicle lending         |   |           |           |            |            |            |            |
| 800 and above                        | \$ 771  | \$ 1,690  | \$ 2,923  | \$ 8,205   | \$ 8,940   | \$ 7,788   | \$ 30,317  |
| 750-799                              | 3,706   | 7,485     | 10,133    | 30,410     | 27,020     | 17,972     | 96,726     |
| 700-749                              | 1,498   | 3,830     | 3,849     | 11,937     | 12,930     | 7,192      | 41,236     |
| 650-699                              | 287   | 987       | 1,862     | 3,865      | 4,747      | 2,234      | 13,982     |
| 600-649                              | 26  | 276       | 576       | 1,143      | 1,858      | 833        | 4,712      |
| 550-599                              | —   | 129       | 222       | 622        | 968        | 614        | 2,555      |
| 500-549                              | —   | 55        | 54        | 469        | 663        | 292        | 1,533      |
| Under 500                            | —   | 75        | 121       | 292        | 251        | 57         | 796        |
| Unknown                              | —   | —         | —         | —          | —          | —          | —          |
| Total                                | \$ 6,288  | \$ 14,527 | \$ 19,740 | \$ 56,943  | \$ 57,377  | \$ 36,982  | \$ 191,857 |
| Accrued interest excluded from total | \$ 26   | \$ 54     | \$ 71     | \$ 138     | \$ 125     | \$ 82      | \$ 496     |
| Current period gross charge-offs     | \$ —  | \$ 47     | \$ 140    | \$ 273     | \$ 474     | \$ 176     | \$ 1,110   |
| Other                                |   |           |           |            |            |            |            |
| 800 and above                        | \$ 1,460  | \$ 900    | \$ 1,168  | \$ 1,408   | \$ 641     | \$ 933     | \$ 6,510   |
| 750-799                              | 9,471   | 6,202     | 5,214     | 4,275      | 2,546      | 4,423      | 32,131     |
| 700-749                              | 6,281   | 4,067     | 2,872     | 2,569      | 1,990      | 3,251      | 21,030     |
| 650-699                              | 3,470   | 1,473     | 989       | 851        | 545        | 1,305      | 8,633      |
| 600-649                              | 184   | 483       | 405       | 470        | 276        | 460        | 2,278      |
| 550-599                              | 23  | 200       | 267       | 250        | 93         | 192        | 1,025      |
| 500-549                              | 7   | 195       | 128       | 179        | 124        | 224        | 857        |
| Under 500                            | —   | 48        | 14        | 91         | 35         | 32         | 220        |
| Unknown                              | 854   | —         | —         | —          | —          | —          | 854        |
| Total                                | \$ 21,750   | \$ 13,568 | \$ 11,057 | \$ 10,093  | \$ 6,250   | \$ 10,820  | \$ 73,538  |
| Accrued interest excluded from total | \$ 72   | \$ 57     | \$ 43     | \$ 26      | \$ 16      | \$ 60      | \$ 274     |
| Current period gross charge-offs     | \$ 1,620  | \$ 71     | \$ 38     | \$ 73      | \$ 59      | \$ 76      | \$ 1,937   |
| Total installment                    |   |           |           |            |            |            |            |
| 800 and above                        | \$ 9,391  | \$ 6,896  | \$ 9,969  | \$ 16,803  | \$ 17,692  | \$ 19,757  | \$ 80,508  |
| 750-799                              | 45,871  | 34,782    | 38,908    | 58,070     | 49,380     | 50,154     | 277,165    |
| 700-749                              | 18,987  | 18,212    | 15,514    | 24,393     | 22,199     | 20,954     | 120,259    |
| 650-699                              | 6,175   | 5,029     | 5,333     | 7,028      | 7,901      | 7,282      | 38,748     |
| 600-649                              | 1,117   | 1,125     | 1,579     | 2,421      | 2,756      | 2,091      | 11,089     |
| 550-599                              | 56  | 517       | 607       | 1,147      | 1,444      | 1,358      | 5,129      |
| 500-549                              | 7   | 387       | 269       | 745        | 970        | 685        | 3,063      |
| Under 500                            | —   | 158       | 170       | 383        | 286        | 95         | 1,092      |
| Unknown                              | 854   | —         | —         | —          | —          | —          | 854        |
| Total                                | \$ 82,458   | \$ 67,106 | \$ 72,349 | \$ 110,990 | \$ 102,628 | \$ 102,376 | \$ 537,907 |
| Accrued interest excluded from total | \$ 283  | \$ 262    | \$ 263    | \$ 260     | \$ 226     | \$ 254     | \$ 1,548   |
| Current period gross charge-offs     | \$ 1,634  | \$ 160    | \$ 184    | \$ 682     | \$ 561     | \$ 440     | \$ 3,661   |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

|                                      | Installment (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  | \$ 8      | \$ 71      | \$ 8       | \$ 49     | \$ 55     | \$ 199     |
| 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     | \$ 321     | \$ 419     | \$ 42     | \$ 110    | \$ 934     |
| 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     | \$ 1,829  | \$ 98     | \$ 106     | \$ 27      | \$ 8      | \$ 103    | \$ 2,171   |
| 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     | \$ 1,837  | \$ 148    | \$ 498     | \$ 454     | \$ 99     | \$ 268    | \$ 3,304   |

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Mortgage loans serviced for others are not reported as assets on the Consolidated Statements of Financial Condition. The principal balances of these loans at December 31 follow:

|                              | 2025                | 2024                |
|------------------------------|---------------------|---------------------|
|                              | (In thousands)      |                     |
| Mortgage loans serviced for: |                     |                     |
| Fannie Mae                   | \$ 1,134,213        | \$ 1,674,111        |
| Freddie Mac                  | 927,467             | 1,373,145           |
| Ginnie Mae                   | 130,302             | 146,363             |
| FHLB                         | 375,822             | 302,779             |
| Other                        | 43,485              | 47,347              |
| Total                        | <u>\$ 2,611,289</u> | <u>\$ 3,543,745</u> |

Custodial deposit accounts maintained in connection with mortgage loans serviced for others totaled \$26.2 million and \$29.4 million, at December 31, 2025 and 2024, respectively.

If we do not remain well capitalized for regulatory purposes (see note #20), meet certain minimum capital levels or certain profitability requirements or if we incur a rapid decline in net worth, we could lose our ability to sell and/or service loans to these investors. This could impact our ability to generate net gains on mortgage loans and generate servicing income. A forced liquidation of our servicing portfolio could also impact the value that could be recovered on this asset. Fannie Mae has the most stringent eligibility requirements covering capital levels, profitability and decline in net worth. Fannie Mae requires seller/servicers to be well capitalized for regulatory purposes. For the profitability requirement, we cannot record four or more consecutive quarterly losses and experience a 30% decline in net worth over the same period. Our net worth cannot decline by more than 25% in one quarter or more than 40% over two consecutive quarters.

An analysis of capitalized mortgage loan servicing rights for the years ended December 31 follows:

|  | 2025                | 2024                | 2023                |
|--|---------------------|---------------------|---------------------|
|  | (In thousands)      |                     |                     |
| Balance at beginning of period                                     | \$ 46,796           | \$ 42,243           | \$ 42,489           |
| Originated servicing rights capitalized                            | 3,494               | 4,020               | 3,956               |
| Change in fair value due to price                                  | (2,168)             | 4,540               | (280)               |
| Change in fair value due to pay downs                              | (3,573)             | (4,007)             | (3,922)             |
| Sales of originated servicing rights (1)                           | (12,823)            | —                   | —                   |
| Loss on sale of originated servicing rights (1)                    | (233)               | —                   | —                   |
| Balance at end of year   | <u>\$ 31,493</u>    | <u>\$ 46,796</u>    | <u>\$ 42,243</u>    |
| Loans sold and serviced that have had servicing rights capitalized | <u>\$ 2,611,289</u> | <u>\$ 3,543,745</u> | <u>\$ 3,541,869</u> |

(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 \$0.1 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.

Fair value of capitalized mortgage loan servicing rights was determined using an average coupon rate of 4.52%, average servicing fee of 0.26%, average discount rate of 9.94% and an average Public Securities Association (“PSA”) prepayment rate of 160 for December 31, 2025; and average coupon rate of 4.13%, average servicing fee of 0.26%, average discount rate of 10.37% and an average PSA prepayment rate of 125 for December 31, 2024.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**
**NOTE 5 – OTHER REAL ESTATE**

A summary of other real estate activity for the years ended December 31 follows <sup>(1)</sup>:

|  | 2025           | 2024          | 2023          |
|--|----------------|---------------|---------------|
|  | (In thousands) |               |               |
| Balance at beginning of year, net of valuation allowance | \$ 891         | \$ 569        | \$ 443        |
| Loans transferred to other real estate                   | 776            | 1,091         | 783           |
| Sales of other real estate                               | (850)          | (753)         | (603)         |
| Additions to valuation allowance charged to expense      | (40)           | (16)          | (54)          |
| Balance at end of year, net of valuation allowance       | <u>\$ 777</u>  | <u>\$ 891</u> | <u>\$ 569</u> |

(1) Table excludes other repossessed assets totaling \$0.12 million and \$0.05 million at December 31, 2025 and 2024, respectively.

We periodically review our real estate properties and establish valuation allowances on these properties if values have declined since the date of acquisition. An analysis of our valuation allowance for other real estate follows:

|                              | 2025           | 2024        | 2023        |
|------------------------------|----------------|-------------|-------------|
|                              | (In thousands) |             |             |
| Balance at beginning of year | \$ —           | \$ —        | \$ —        |
| Additions charged to expense | 40             | 16          | 54          |
| Direct write-downs upon sale | —              | (16)        | (54)        |
| Balance at end of year       | <u>\$ 40</u>   | <u>\$ —</u> | <u>\$ —</u> |

At December 31, 2025 and 2024, the balance of other real estate includes \$0.8 million and \$0.9 million, respectively of foreclosed residential real estate properties. Retail mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process according to local requirements totaled \$1.9 million and \$2.0 million at December 31, 2025 and 2024, respectively.

Other real estate and repossessed assets totaling \$0.9 million at December 31, 2025 and 2024, are presented net of the valuation allowance on the Consolidated Statements of Financial Condition.

**NOTE 6 – PROPERTY AND EQUIPMENT**

A summary of property and equipment at December 31 follows:

|   | 2025             | 2024             |
|---|------------------|------------------|
|   | (In thousands)   |                  |
| Land and land improvements                | \$ 17,390        | \$ 16,329        |
| Buildings                                 | 66,369           | 64,103           |
| Equipment                                 | 83,743           | 80,988           |
|   | 167,502          | 161,420          |
| Accumulated depreciation and amortization | (128,530)        | (123,928)        |
| Property and equipment, net               | <u>\$ 38,972</u> | <u>\$ 37,492</u> |

Depreciation expense was \$5.0 million, \$5.2 million and \$5.2 million in 2025, 2024 and 2023, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**NOTE 7 – GOODWILL AND OTHER INTANGIBLES**

Intangible assets, net of amortization, at December 31 follows:

|   | 2025                  |                          | 2024                  |                          |
|---|-----------------------|--------------------------|-----------------------|--------------------------|
|   | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization |
|   | <b>(In thousands)</b> |                          |                       |                          |
| Amortized intangible assets - core deposits | \$ 11,916             | \$ 10,915                | \$ 11,916             | \$ 10,428                |
| Unamortized intangible assets - goodwill    | \$ 28,300             |                          | \$ 28,300             |                          |

At December 31, 2025, the Bank (our reporting unit) had positive equity and elected to perform a qualitative assessment to determine if it was more likely than not that the fair value of the Bank exceeds its carrying value, including goodwill. The qualitative assessment indicated that it was more likely than not that the fair value of the Bank exceeded its carrying value, resulting in no impairment.

Intangible amortization expense was \$0.5 million for each of the years ended 2025, 2024 and 2023, respectively.

A summary of estimated core deposit intangible amortization at December 31, 2025, follows:

|       | <b>(In thousands)</b> |
|-------|-----------------------|
| 2026  | \$ 460                |
| 2027  | 434                   |
| 2028  | 107                   |
| Total | \$ 1,001              |

**NOTE 8 – DEPOSITS**

A summary of interest expense on deposits for the years ended December 31 follows:

|                                       | 2025                  | 2024      | 2023      |
|---------------------------------------|-----------------------|-----------|-----------|
|                                       | <b>(In thousands)</b> |           |           |
| Savings and interest-bearing checking | \$ 25,870             | \$ 28,047 | \$ 24,601 |
| Reciprocal                            | 29,386                | 34,574    | 23,429    |
| Time                                  | 22,741                | 24,135    | 13,766    |
| Brokered time                         | 5,501                 | 5,938     | 13,279    |
| Total                                 | \$ 83,498             | \$ 92,694 | \$ 75,075 |

Aggregate time deposits in denominations of \$0.25 million or more amounted to \$223.4 million and \$211.4 million at December 31, 2025 and 2024, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

A summary of the maturity of time deposits at December 31, 2025, follows (1):

|                     | <b>(In thousands)</b> |
|---------------------|-----------------------|
| 2026                | \$ 770,122            |
| 2027                | 17,873                |
| 2028                | 2,423                 |
| 2029                | 2,050                 |
| 2030                | 1,256                 |
| 2031 and thereafter | 17                    |
| Total               | <u>\$ 793,741</u>     |

(1) Includes time deposits, brokered time deposits and reciprocal time deposits

Reciprocal 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.

A summary of reciprocal deposits at December 31 follows:

|              | <b>2025</b>           | <b>2024</b>       |
|--------------|-----------------------|-------------------|
|              | <b>(In thousands)</b> |                   |
| Demand       | \$ 862,697            | \$ 797,181        |
| Money market | —                     | 43                |
| Time         | 112,224               | 109,807           |
| Total        | <u>\$ 974,921</u>     | <u>\$ 907,031</u> |

**NOTE 9 – OTHER BORROWINGS**

A summary of other borrowings at December 31 follows:

|                        | <b>2025</b>           | <b>2024</b>      |
|------------------------|-----------------------|------------------|
|                        | <b>(In thousands)</b> |                  |
| Advances from the FHLB | \$ 77,000             | \$ 45,000        |
| Other                  | 3                     | 9                |
| Total                  | <u>\$ 77,003</u>      | <u>\$ 45,009</u> |

Borrowings with the FRB at both December 31, 2025 and 2024 were zero. Average borrowings with the FRB during the years ended December 31, 2025, 2024 and 2023 totaled \$0.1 million, \$0.2 million and \$4.5 million, respectively. We had unused borrowing capacity with the FRB (subject to the FRB's credit requirements and policies) of \$1.24 billion at December 31, 2025. Collateral for FRB borrowings are certain securities AFS, securities HTM, commercial loans and installment loans. Interest expense on borrowings with the FRB amounted to \$0.004 million, \$0.013 million and \$0.188 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Advances from the FHLB are secured by unencumbered qualifying mortgage and home equity loans with a market value equal to at least 125% to 165%, respectively, of outstanding advances as well as certain securities AFS, securities HTM and by the FHLB stock that we own. Unused borrowing capacity with the FHLB (subject to the FHLB's credit requirements and policies) was \$0.75 billion at December 31, 2025. Interest expense on advances amounted to \$0.8 million, \$2.0 million and \$2.4 million for the years ended December 31, 2025, 2024 and 2023, respectively. During 2024 we exercised a call option and terminated a \$50.0 million fixed rate advance with no penalty.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

As a member of the FHLB, we must own FHLB stock equal to the greater of 0.10% of total assets or 4.5% of our outstanding advances and certain loans sold to the FHLB. At December 31, 2025, we were in compliance with the FHLB stock ownership requirements.

The maturity dates, weighted average interest rates and contractually required repayments of FHLB advances at December 31 follow:

|                               | 2025      |        | 2024      |        |
|-------------------------------|-----------|--------|-----------|--------|
|                               | Amount    | Rate   | Amount    | Rate   |
| (Dollars in thousands)        |           |        |           |        |
| <b>Fixed Rate Advances</b>    |           |        |           |        |
| 2030                          | \$ 2,000  | — %    | \$ —      |        |
| Total fixed rate advances     | 2,000     | —      | —         |        |
| <b>Variable Rate Advances</b> |           |        |           |        |
| 2025                          | —         | —      | 45,000    | 4.48 % |
| 2026                          | 75,000    | 3.79   | —         | —      |
| Total variable rate advances  | 75,000    | 3.79   | 45,000    |        |
| Total FHLB advances           | \$ 77,000 | 3.69 % | \$ 45,000 | 4.48 % |

Assets, consisting of securities AFS, securities HTM, FHLB stock and loans, pledged to secure other borrowings and unused borrowing capacity totaled \$2.86 billion at December 31, 2025.

**NOTE 10 – SUBORDINATED DEBT AND DEBENTURES**
*Subordinated Debt*

In May 2020, we issued \$40.0 million of fixed to floating subordinated notes with a ten year maturity (May 31, 2030 maturity date) 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%. These notes are presented in the Consolidated Statements of Financial Condition under the caption “Subordinated debt” and the balances of zero and \$39.59 million at December 31, 2025 and 2024, respectively. The December 31, 2024 balance was net of remaining unamortized deferred issuance costs of approximately \$0.41 million that was being amortized through the maturity date into interest expense on other borrowings and subordinated debt and debentures in our Consolidated Statements of Operations. On September 2, 2025 we redeemed our \$40.0 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.

*Subordinated Debentures*

We have formed various special purpose entities (the “trusts”) for the purpose of issuing trust preferred securities in either public or pooled offerings or in private placements. Independent Bank Corporation owns all of the common stock of each trust and has issued subordinated debentures to each trust in exchange for all of the proceeds from the issuance of the common stock and the trust preferred securities. Trust preferred securities totaling \$38.6 million and \$38.6 million at December 31, 2025 and 2024, respectively, qualified as Tier 1 regulatory capital.

These trusts are not consolidated with Independent Bank Corporation and accordingly, we report the common securities of the trusts held by us in accrued income and other assets and the subordinated debentures that we have issued to the trusts in the liability section of our Consolidated Statements of Financial Condition.

As the result of a previous acquisition we acquired TCSB Statutory Trust I as summarized in the tables below at a discount. The discount at acquisition totaled \$1.4 million and is being amortized through its maturity date and is included in interest expense – other borrowings and subordinated debt and debentures in the Consolidated Statements of Operations.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Summary information regarding subordinated debentures as of December 31 follows:

| Entity Name                        | Issue Date     | 2025                    |                                   |                     |
|------------------------------------|----------------|-------------------------|-----------------------------------|---------------------|
|                                    |                | Subordinated Debentures | Trust Preferred Securities Issued | Common Stock Issued |
| (In thousands)                     |                |                         |                                   |                     |
| IBC Capital Finance III            | May 2007       | \$ 12,372               | \$ 12,000                         | \$ 372              |
| IBC Capital Finance IV             | September 2007 | 15,465                  | 15,000                            | 465                 |
| Midwest Guaranty Trust I           | November 2002  | 7,732                   | 7,500                             | 232                 |
| TCSB Statutory Trust I             | March 2005     | 5,155                   | 5,000                             | 155                 |
| Discount on TCSB Statutory Trust I |                | (860)                   | (860)                             | —                   |
|                                    |                | \$ 39,864               | \$ 38,640                         | \$ 1,224            |

| Entity Name                        | Issue Date     | 2024                    |                                   |                     |
|------------------------------------|----------------|-------------------------|-----------------------------------|---------------------|
|                                    |                | Subordinated Debentures | Trust Preferred Securities Issued | Common Stock Issued |
| (In thousands)                     |                |                         |                                   |                     |
| IBC Capital Finance III            | May 2007       | \$ 12,372               | \$ 12,000                         | \$ 372              |
| IBC Capital Finance IV             | September 2007 | 15,465                  | 15,000                            | 465                 |
| Midwest Guaranty Trust I           | November 2002  | 7,732                   | 7,500                             | 232                 |
| TCSB Statutory Trust I             | March 2005     | 5,155                   | 5,000                             | 155                 |
| Discount on TCSB Statutory Trust I |                | (928)                   | (928)                             | —                   |
|                                    |                | \$ 39,796               | \$ 38,572                         | \$ 1,224            |

Other key terms for the subordinated debentures and trust preferred securities that were outstanding at December 31, 2025 and 2024 follow:

| Entity Name              | Maturity Date      | Interest Rate           | First Permitted Redemption Date |
|--------------------------|--------------------|-------------------------|---------------------------------|
| IBC Capital Finance III  | July 30, 2037      | 3 month SOFR plus 1.86% | July 30, 2012                   |
| IBC Capital Finance IV   | September 15, 2037 | 3 month SOFR plus 3.11% | September 15, 2012              |
| Midwest Guaranty Trust I | November 7, 2032   | 3 month SOFR plus 3.71% | November 7, 2007                |
| TCSB Statutory Trust I   | March 17, 2035     | 3 month SOFR plus 2.46% | March 17, 2010                  |

The subordinated debentures and trust preferred securities are cumulative and have a feature that permits us to defer distributions (payment of interest) from time to time for a period not to exceed 20 consecutive quarters. Interest is payable quarterly on each of the subordinated debentures and trust preferred securities and no distributions were deferred at December 31, 2025 and 2024.

We have the right to redeem the subordinated debentures and trust preferred securities (at par) in whole or in part from time to time on or after the first permitted redemption date specified above or upon the occurrence of specific events defined within the trust indenture agreements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Distributions (payment of interest) on the trust preferred securities are included in interest expense – other borrowings and subordinated debt and debentures in the Consolidated Statements of Operations.

**NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES**

In the normal course of business, we enter into financial instruments with off-balance sheet risk to meet the financing needs of customers or to reduce exposure to fluctuations in interest rates. These financial instruments may include commitments to extend credit and standby letters of credit. Financial instruments involve varying degrees of credit and interest-rate risk in excess of amounts reflected in the Consolidated Statements of Financial Condition. Exposure to credit risk in the event of non-performance by the counterparties to the financial instruments for loan commitments to extend credit and standby letters of credit is represented by the contractual amounts of those instruments.

A summary of financial instruments with off-balance sheet risk at December 31 follows:

|   | 2025       |               | 2024       |               |
|---|------------|---------------|------------|---------------|
|   | Fixed Rate | Variable Rate | Fixed Rate | Variable Rate |
| (In thousands)  |            |               |            |               |
| Financial instruments whose risk is represented by contract amounts |            |               |            |               |
| Commitments to extend credit  | \$ 154,519 | \$ 922,192    | \$ 135,449 | \$ 816,850    |
| Standby letters of credit   | 20         | 13,786        | 715        | 12,312        |

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and generally require payment of a fee. Since commitments may expire without being drawn upon, the commitment amounts do not represent future cash requirements. Commitments are issued subject to similar underwriting standards, including collateral requirements, as are generally involved in the extension of credit facilities. Fixed rate commitments to extend credit have interest rates ranging from zero to 18.00% and maturities ranging from less than one year to 10 years.

Standby letters of credit are written conditional commitments issued to guarantee the performance of a customer to a third party. The credit risk involved in such transactions is essentially the same as that involved in extending loan facilities and, accordingly, standby letters of credit are issued subject to similar underwriting standards, including collateral requirements, as are generally involved in the extension of credit facilities. The majority of the standby letters of credit are on-demand with no stated maturity date and have variable rates that range from 3.25% to 12.75%.

*Economic*

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, which currently include three putative class action complaints brought against the Bank alleging that its practice of charging overdraft and other fees was not consistent with the disclosures the Bank made to consumers. These lawsuits are similar to lawsuits that have recently been filed against other financial institutions pertaining to overdraft fee disclosures. No class has been certified in any of the putative class action complaints brought against the Bank, and we believe we have valid defenses to each of the claims that have been made. The aggregate amount we have accrued for losses we consider probable as a result of all of our outstanding litigation matters is not material. However, because of the inherent uncertainty of outcomes from any litigation matter and because these types of lawsuits often result in settlement, we believe it is reasonably possible we may incur losses in addition to the amounts we have accrued. At this time, we are unable to provide an estimate of the losses that we believe are reasonably possible, primarily because we are still conducting diligence on the underlying factual issues and significant matters remain to be resolved in the litigation, including the issue of class certification.

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 December 31, 2025 and 2024, representing cost basis less impairment. However, given the current conversion ratio of 1.5108 Class A shares for every 1 Class B-2 share and the closing price of Visa Class A shares on February 24, 2026 of \$307.22 per share, our 6,283 Class B-2 shares would have a current “value” of approximately \$2.9 million.

With the completion of the exchange discussed above, we recorded a gain related to the Class C shares of \$2.677 million during the second quarter of 2024 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 2,493 shares of our Class C shares for net proceeds of \$2.685 million. We held no Class C shares at December 31, 2025 and 2024.

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.

**NOTE 12 – SHAREHOLDERS’ EQUITY AND NET INCOME PER COMMON SHARE**

Our Board of Directors authorized share repurchase plans to buy back up to 5% of our outstanding common stock during 2025, 2024 and 2023. During 2025 and 2023 repurchases were made through open market transactions and totaled 407,113 and 298,601 shares of common stock, respectively for an aggregate purchase price of \$12.4 million and \$5.2 million, respectively. There were no shares of common stock repurchased pursuant to this authorization during 2024.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

A reconciliation of basic and diluted net income per common share for the years ended December 31 follows:

|   | <b>2025</b>                                     | <b>2024</b>    | <b>2023</b>    |
|---|---|----------------|----------------|
|   | <b>(In thousands, except per share amounts)</b> |                |                |
| Net income  | \$ 68,541                                       | \$ 66,790      | \$ 59,067      |
| Weighted average shares outstanding (1)   | 20,758  | 20,892         | 20,976         |
| Stock units for deferred compensation plan for non-employee directors             | 175   | 180            | 160            |
| Performance share units   | 28  | 31             | 23             |
| Effect of stock options   | 2   | 3              | 11             |
| Weighted average shares outstanding for calculation of diluted earnings per share | <u>20,963</u>                                   | <u>21,106</u>  | <u>21,170</u>  |
| Net income per common share   |   |                |                |
| Basic (1)   | \$ 3.30   | \$ 3.20        | \$ 2.82        |
| Diluted   | <u>\$ 3.27</u>                                  | <u>\$ 3.16</u> | <u>\$ 2.79</u> |

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

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 each year ended 2025, 2024 and 2023, respectively.

**NOTE 13 – INCOME TAX**

The composition of income tax expense for the years ended December 31 follows:

|                            | <b>2025</b>           | <b>2024</b>      | <b>2023</b>      |
|----------------------------|-----------------------|------------------|------------------|
|                            | <b>(In thousands)</b> |                  |                  |
| Current expense            | \$ 16,281             | \$ 17,504        | \$ 14,394        |
| Deferred expense (benefit) | (3,531)               | (1,248)          | 215              |
| Income tax expense         | <u>\$ 12,750</u>      | <u>\$ 16,256</u> | <u>\$ 14,609</u> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

We are subject to U.S. federal income taxes and are not subject to state or foreign income taxes. A reconciliation of income tax expense to the amount computed by applying the statutory federal income tax rate of 21% for 2025, 2024 and 2023 to the income before income tax for the years ended December 31 follows:

|   | 2025           |               | 2024  |    | 2023          |       |    |               |       |
|---|----------------|---------------|-------|----|---------------|-------|----|---------------|-------|
|   | (In thousands) |               |       |    |               |       |    |               |       |
| U.S. statutory rate applied to income before income tax | \$             | 17,071        | 21.0% | \$ | 17,440        | 21.0% | \$ | 15,472        | 21.0% |
| Tax credits   |                |               |       |    |               |       |    |               |       |
| Purchased tax credits                                   |                | (1,836)       | (2.3) |    | —             | —     |    | —             | —     |
| Tax credit investments, net of amortization             |                | (807)         | (1.0) |    | (373)         | (0.5) |    | (235)         | (0.3) |
| Nontaxable and nondeductible items                      |                |               |       |    |               |       |    |               |       |
| Tax-exempt interest income                              |                | (1,155)       | (1.4) |    | (522)         | (0.6) |    | (508)         | (0.7) |
| Bank owned life insurance                               |                | (249)         | (0.3) |    | (175)         | (0.2) |    | (99)          | (0.1) |
| Non-deductible meals, entertainment and memberships     |                | 114           | 0.1   |    | 83            | 0.1   |    | 77            | 0.1   |
| Share-based compensation                                |                | (323)         | (0.4) |    | (130)         | (0.2) |    | (50)          | (0.1) |
| Employee stock ownership plan dividends                 |                | (116)         | (0.1) |    | (108)         | (0.1) |    | (106)         | (0.2) |
| Other, net  |                | 51            | 0.1   |    | 41            | 0.1   |    | 58            | 0.1   |
| Income tax expense                                      | \$             | <u>12,750</u> | 15.7% | \$ | <u>16,256</u> | 19.6% | \$ | <u>14,609</u> | 19.8% |

In December, 2025, we executed a Tax Credit Transfer Agreement (TCTA) whereby we agreed to purchase \$22.9 million of 2025 Section 48 tax credits at a purchase price of 92% of the tax credit amount. The purchase price of \$21.1 million was paid by us to the seller, an independent third party on January 15, 2026. We plan to utilize the purchased tax credits of \$22.9 million to offset amounts that otherwise would be due and payable to the IRS for 2025 and prior tax years. The accounting treatment at December 31, 2025 is an increase in income tax receivable from the Internal Revenue Service ("IRS") of \$22.9 million (recorded in Accrued income and other assets in the Consolidated Statements of Financial Condition), a liability to the seller of \$21.1 million (recorded in Accrued expenses and other liabilities in the Consolidated Statements of Financial Condition), and a reduction to income tax expense of \$1.8 million in the Consolidated Statements of Operations for the year ending December 31, 2025. This \$1.8 million is included in "Purchased tax credits" in the table above. The \$21.1 million liability to the seller was paid on January 15, 2026.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31 follow:

|   | <b>2025</b>           | <b>2024</b>      |
|---|-----------------------|------------------|
|   | <b>(In thousands)</b> |                  |
| <b>Deferred tax assets</b>  |                       |                  |
| Allowance for credit losses   | \$ 13,323             | \$ 12,470        |
| Unrealized loss on securities AFS                                       | 10,700                | 13,105           |
| Unrealized loss on securities HTM transferred from AFS                  | 2,726                 | 3,396            |
| Incentive compensation  | 1,839                 | 2,052            |
| Lease liabilities   | 1,581                 | 1,331            |
| Property and equipment  | 1,479                 | 1,545            |
| Reserve for unfunded lending commitments                                | 1,142                 | 1,078            |
| Share-based compensation  | 1,082                 | 861              |
| Deferred compensation   | 645                   | 621              |
| Non accrual loan interest income  | 300                   | 128              |
| Unrealized loss on derivative financial instruments                     | 367                   | 551              |
| Loss reimbursement on sold loans reserve                                | 252                   | 260              |
| Other than temporary impairment charge on securities available for sale | 147                   | 146              |
| Securities premium amortization   | 91                    | 831              |
| Gross deferred tax assets   | <u>35,674</u>         | <u>38,375</u>    |
| <b>Deferred tax liabilities</b>   |                       |                  |
| Capitalized mortgage loan servicing rights                              | 6,614                 | 9,827            |
| Deferred loan fees  | 2,256                 | 2,245            |
| Lease right of use asset  | 1,532                 | 1,254            |
| Purchase premiums, net  | 443                   | 517              |
| Other   | 94                    | 69               |
| Gross deferred tax liabilities  | <u>10,939</u>         | <u>13,912</u>    |
| Deferred tax assets, net (1)  | <u>\$ 24,735</u>      | <u>\$ 24,463</u> |

(1) Included in accrued income and other assets on the Consolidated Statements of Financial Position.

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 both December 31, 2025 and 2024, that the realization of substantially all of our deferred tax assets continues to be more likely than not.

Changes in unrecognized tax benefits for the years ended December 31 follow:

|  | <b>2025</b>           | <b>2024</b>   | <b>2023</b>   |
|--|-----------------------|---------------|---------------|
|  | <b>(In thousands)</b> |               |               |
| Balance at beginning of year                                 | \$ 188                | \$ 188        | \$ 186        |
| Additions based on tax positions related to the current year | 26                    | 18            | 13            |
| Reductions due to the statute of limitations                 | (20)                  | (18)          | (11)          |
| Reductions due to settlements                                | —                     | —             | —             |
| Balance at end of year                                       | <u>\$ 194</u>         | <u>\$ 188</u> | <u>\$ 188</u> |

If recognized, the entire amount of unrecognized tax benefits, net of \$0.04 million of federal tax on state benefits, would affect our effective tax rate. No amounts were expensed for interest and penalties for the years ended December 31,

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

2025, 2024 and 2023. No amounts were accrued for interest and penalties at December 31, 2025, 2024 and 2023. At December 31, 2025, U.S. Federal tax years 2022 through the present remain open to examination.

**NOTE 14 – SHARE BASED COMPENSATION AND BENEFIT PLANS**

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 0.30 million shares of common stock as of December 31, 2025. The non-employee director stock purchase plan permits the issuance of additional share based payments for up to 0.05 million shares of common stock as of December 31, 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.

During 2025, 2024 and 2023 pursuant to our long-term incentive plan, we granted 0.05 million, 0.09 million and 0.08 million shares, respectively of restricted stock and 0.02 million during each year of performance stock units (“PSU”), to certain officers. The shares of restricted stock and PSUs generally 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. We issued 0.01 million, 0.01 million and 0.02 million shares to directors pursuant to this plan during each of the years ending 2025, 2024 and 2023, respectively and expensed their value during those same periods.

Total compensation expense recognized for grants pursuant to our long-term incentive plan was \$2.5 million, \$2.1 million and \$1.9 million in 2025, 2024 and 2023, respectively. The corresponding tax benefit relating to this expense was \$0.5 million, \$0.4 million, and \$0.4 million during each year, respectively. Total expense recognized for non-employee director share based payments was \$0.3 million, \$0.2 million, and \$0.4 million for the years ending 2025, 2024 and 2023, respectively. The corresponding tax benefit relating to this expense was \$0.06 million, \$0.05 million and \$0.08 million in 2025, 2024 and 2023, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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

|  | Number of<br>Shares | Average<br>Exercise<br>Price | Weighted-<br>Average<br>Remaining<br>Contractual<br>Term (Years) | Aggregated<br>Intrinsic<br>Value<br><br>(In thousands) |
|--|---------------------|------------------------------|--|--|
| Outstanding at January 1, 2025                   | 5,583               | \$ 13.43                     |  |  |
| Granted  | —                   |                              |  |  |
| Exercised  | (2,793)             | 13.43                        |  |  |
| Forfeited  | —                   |                              |  |  |
| Expired  | —                   |                              |  |  |
| Outstanding at December 31, 2025                 | <u>2,790</u>        | <u>\$ 13.43</u>              | <u>1.14</u>  | <u>\$ 53</u>   |
| Vested and expected to vest at December 31, 2025 | <u>2,790</u>        | <u>\$ 13.43</u>              | <u>1.14</u>  | <u>\$ 53</u>   |
| Exercisable at December 31, 2025                 | <u>2,790</u>        | <u>\$ 13.43</u>              | <u>1.14</u>  | <u>\$ 53</u>   |

Certain information regarding options exercised during the periods ending December 31 follows:

|                        | 2025           | 2024  | 2023   |
|------------------------|----------------|-------|--------|
|                        | (In thousands) |       |        |
| Intrinsic value        | \$ 64          | \$ 99 | \$ 352 |
| Cash proceeds received | \$ —           | \$ 12 | \$ 198 |
| Tax benefit realized   | \$ 13          | \$ 21 | \$ 74  |

A summary of outstanding non-vested stock (restricted stock and PSUs) and related transactions follows:

|                                  | Number<br>of Shares | Weighted-<br>Average<br>Grant Date<br>Fair Value |
|----------------------------------|---------------------|--|
| Outstanding at January 1, 2025   | 266,986             | \$ 24.64   |
| Granted                          | 69,695              | 37.14  |
| Vested                           | (74,623)            | 26.99  |
| Forfeited                        | (11,845)            | 24.22  |
| Outstanding at December 31, 2025 | <u>250,213</u>      | <u>\$ 27.70</u>                                  |

At December 31, 2025, the total expected compensation cost related to non-vested restricted stock and PSUs not yet recognized was \$2.8 million. The weighted-average period over which this amount will be recognized is 1.85 years.

We maintain 401(k) and employee stock ownership plans covering substantially all of our full-time employees. We matched 50% of employee contributions to the 401(k) plan up to a maximum of 8% of participating employees' eligible wages for 2025, 2024 and 2023. Contributions to the employee stock ownership plan are determined annually and require approval of our Board of Directors. The maximum contribution is 6% of employees' eligible wages. Contributions to the employee stock ownership plan were 2% for each of 2025, 2024 and 2023. Amounts expensed for these retirement plans were \$3.4 million, \$3.3 million and \$3.1 million in 2025, 2024 and 2023, respectively.

Our employees participate in various performance-based compensation plans. Amounts expensed for all incentive plans totaled \$11.6 million, \$12.9 million and \$8.0 million in 2025, 2024 and 2023, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

We also provide certain health care and life insurance programs to substantially all full-time employees. Amounts expended for these programs totaled \$6.7 million, \$7.1 million and \$7.2 million in 2025, 2024 and 2023 respectively.

These insurance programs are also available to retired employees at their own expense.

**NOTE 15 – NON-INTEREST INCOME - OTHER**

Other non-interest income for the years ended December 31 follows:

|                                      | 2025             | 2024             | 2023             |
|--------------------------------------|------------------|------------------|------------------|
|                                      | (In thousands)   |                  |                  |
| Investment and insurance commissions | \$ 3,510         | \$ 3,268         | \$ 3,456         |
| ATM fees                             | 1,576            | 1,650            | 1,683            |
| Bank owned life insurance            | 1,187            | 834              | 474              |
| Other                                | 6,252            | 6,465            | 6,866            |
| Total other non-interest income      | <u>\$ 12,525</u> | <u>\$ 12,217</u> | <u>\$ 12,479</u> |

**NOTE 16 – DERIVATIVE FINANCIAL INSTRUMENTS**

We are required to record derivatives on our 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 at December 31 follow:

|   | 2025                   |                                |                 |
|---|------------------------|--------------------------------|-----------------|
|   | Notional<br>Amount     | Average<br>Maturity<br>(years) | Fair<br>Value   |
|   | (Dollars in thousands) |                                |                 |
| Fair value hedge designation  |                        |                                |                 |
| Pay-fixed interest rate swap agreement - commercial                     | \$ 5,242               | 3.4                            | \$ 175          |
| Pay-fixed interest rate swap agreements - securities available for sale | 148,895                | 1.8                            | 6,923           |
| Pay-fixed interest rate swap agreements - installment                   | 100,000                | 1.4                            | (824)           |
| Pay-fixed interest rate swap agreements - mortgage                      | 117,000                | 1.7                            | (1,186)         |
| Interest rate cap agreements - securities available for sale            | 40,970                 | 2.3                            | 32              |
| Total   | <u>\$ 412,107</u>      | 1.8                            | <u>\$ 5,120</u> |
| Cash flow hedge designation   |                        |                                |                 |
| Interest rate floor agreements - commercial                             | \$ 450,000             | 1.8                            | \$ 4,669        |
| Interest rate cap agreements - short-term funding liabilities           | 50,000                 | 2.1                            | 46              |
| Total   | <u>\$ 500,000</u>      | 1.8                            | <u>\$ 4,715</u> |
| No hedge designation  |                        |                                |                 |
| Rate-lock mortgage loan commitments                                     | \$ 17,180              | 0.1                            | \$ 230          |
| Mandatory commitments to sell mortgage loans                            | 24,909                 | 0.1                            | (32)            |
| Pay-fixed interest rate swap agreements - commercial                    | 683,715                | 4.5                            | (3,345)         |
| Pay-variable interest rate swap agreements - commercial                 | 683,715                | 4.5                            | 3,345           |
| Total   | <u>\$ 1,409,519</u>    | 4.4                            | <u>\$ 198</u>   |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

|   | 2024                |                                |                  |
|---|---------------------|--------------------------------|------------------|
|   | Notional<br>Amount  | Average<br>Maturity<br>(years) | Fair<br>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   | <u>\$ 442,512</u>   | 2.6                            | <u>\$ 14,320</u> |
| 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   | <u>\$ 400,000</u>   | 2.1                            | <u>\$ 3,954</u>  |
| 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   | <u>\$ 1,108,683</u> | 4.9                            | <u>\$ 162</u>    |

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 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 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 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 \$0.12 million as of December 31, 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 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 Consolidated Statements of Financial Condition to reflect the then current fair value of both the Fair Value

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Hedge – AFS Securities and the hedged item. The related gains or losses are reported in interest income – interest on securities – tax-exempt in our 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 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 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 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 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 December 31, 2025, \$0.9 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 December 31, 2025 is 3.62 years.

Certain derivative financial instruments have not been designated as hedges. The fair value of these derivative financial instruments has been recorded on our 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 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 Consolidated Statements of Operations. All of the interest rate swap agreements - commercial with no hedge designation in the table above relate to this program.

We had entered into a no hedge designation pay-variable interest rate swap agreement in an attempt to manage the cost of certain funding liabilities. The changes in fair value of this no hedge pay-variable interest rate swap is recorded in non-interest expense-other in our Consolidated Statements of Operations. This no hedge designation pay-variable interest rate swap agreement matured during the third quarter of 2023.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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

**Fair Values of Derivative Instruments**

|   | Asset Derivatives      |                  |                        |                  | Liability Derivatives  |                  |                        |                  |
|---|------------------------|------------------|------------------------|------------------|------------------------|------------------|------------------------|------------------|
|   | December 31,           |                  | December 31,           |                  | December 31,           |                  | December 31,           |                  |
|   | 2025                   | 2024             | 2025                   | 2024             | 2025                   | 2024             | 2025                   | 2024             |
|   | Balance Sheet Location | Fair Value       |
| (In thousands)  |                        |                  |                        |                  |                        |                  |                        |                  |
| Derivatives designated as hedging instruments           |                        |                  |                        |                  |                        |                  |                        |                  |
| Pay-fixed interest rate swap agreements                 | Other assets           | \$ 7,114         | Other assets           | \$ 14,336        | Other liabilities      | \$ 2,026         | Other liabilities      | \$ 350           |
| Interest rate cap agreements                            | Other assets           | 78               | Other assets           | 646              | Other liabilities      | —                | Other liabilities      | —                |
| Interest rate floor agreements                          | Other assets           | 4,669            | Other assets           | 3,642            | Other liabilities      | —                | Other liabilities      | —                |
|   |                        | <u>11,861</u>    |                        | <u>18,624</u>    |                        | <u>2,026</u>     |                        | <u>350</u>       |
| Derivatives not designated as hedging instruments       |                        |                  |                        |                  |                        |                  |                        |                  |
| Rate-lock mortgage loan commitments                     | Other assets           | 230              | Other assets           | 100              | Other liabilities      | —                | Other liabilities      | —                |
| Mandatory commitments to sell mortgage loans            | Other assets           | —                | Other assets           | 62               | Other liabilities      | 32               | Other liabilities      | —                |
| Pay-fixed interest rate swap agreements - commercial    | Other assets           | 7,074            | Other assets           | 15,799           | Other liabilities      | 10,419           | Other liabilities      | 2,474            |
| Pay-variable interest rate swap agreements - commercial | Other assets           | 10,419           | Other assets           | 2,474            | Other liabilities      | 7,074            | Other liabilities      | 15,799           |
|   |                        | <u>17,723</u>    |                        | <u>18,435</u>    |                        | <u>17,525</u>    |                        | <u>18,273</u>    |
| Total derivatives                                       |                        | <u>\$ 29,584</u> |                        | <u>\$ 37,059</u> |                        | <u>\$ 19,551</u> |                        | <u>\$ 18,623</u> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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

| Year Ended December 31,  |  |            |          |   |   |            |          |   |  |            |            |
|--|--|------------|----------|---|---|------------|----------|---|--|------------|------------|
|  | Gain (loss) Recognized<br>in Other<br>Comprehensive<br>Income<br>(Effective Portion) |            |          | Location of<br>Loss<br>Reclassified<br>from<br>Accumulated<br>Other<br>Comprehensive<br>Loss<br>into Income<br>(Effective<br>Portion) | Loss<br>Reclassified from<br>Accumulated Other<br>Comprehensive Loss into Income<br>(Effective Portion) |            |          | Location of<br>Gain (Loss)<br>Recognized<br>in Income | Gain (Loss)<br>Recognized<br>in Income |            |            |
|  | 2025   | 2024       | 2023     |   | 2025  | 2024       | 2023     |   | 2025                                   | 2024       | 2023       |
|  | (In thousands)   |            |          |   |   |            |          |   |  |            |            |
| Fair Value Hedges  |  |            |          |   |   |            |          |   |  |            |            |
| Pay-fixed interest rate swap agreement - commercial                    |  |            |          |   |   |            |          | Interest and fees on loans                            | \$ (186)                               | \$ 12      | \$ (98)    |
| Pay-fixed interest rate swap agreement - securities available for sale |  |            |          |   |   |            |          | Interest on securities                                | (6,342)                                | (2,022)    | (4,619)    |
| Pay-fixed interest rate swap agreement - installment                   |  |            |          |   |   |            |          | Interest and fees on loans                            | (901)                                  | 1,305      | (1,305)    |
| Pay-fixed interest rate swap agreements - Mortgage                     |  |            |          |   |   |            |          | Interest and fees on loans                            | (1,469)                                | 2,414      | (2,131)    |
| Interest rate cap agreements - securities available for sale           | \$ (302)   | \$ 23      | \$ (848) | Interest on securities  | \$ (227)  | \$ (167)   | \$ (262) | Interest on securities                                | —                                      | (145)      | 90         |
| Interest rate cap agreements - installment                             | —  | —          | —        | Interest and fees on loans  | —   | —          | —        | Interest and fees on loans                            | —                                      | —          | (14)       |
| Total  | \$ (302)   | \$ 23      | \$ (848) |   | \$ (227)  | \$ (167)   | \$ (262) |   | \$ (8,898)                             | \$ 1,564   | \$ (8,077) |
| Cash Flow Hedges   |  |            |          |   |   |            |          |   |  |            |            |
| Interest rate floor agreements - commercial                            | \$ (612)   | \$ (4,223) | \$ 635   | Interest and fees on loans  | \$ (1,861)  | \$ (1,199) | \$ (175) | Interest and fees on loans                            | \$ (1,861)                             | \$ (1,199) | \$ (175)   |
| Interest rate cap agreements - short-term funding liabilities          | (324)  | (12)       | —        | Interest expense  | (23)  | —          | —        | Interest expense                                      | (23)                                   | —          | —          |
| Total  | \$ (936)   | \$ (4,235) | \$ 635   |   | \$ (1,884)  | \$ (1,199) | \$ (175) |   | \$ (1,884)                             | \$ (1,199) | \$ (175)   |
| No hedge designation   |  |            |          |   |   |            |          |   |  |            |            |
| Rate-lock mortgage loan commitments                                    |  |            |          |   |   |            |          | Net gains on mortgage loans                           | \$ 130                                 | \$ (73)    | \$ 1,229   |
| Mandatory commitments to sell mortgage loans                           |  |            |          |   |   |            |          | Net gains on mortgage loans                           | (94)                                   | 341        | (594)      |
| Pay-fixed interest rate swap agreements - commercial                   |  |            |          |   |   |            |          | Interest and fees on loans                            | (16,670)                               | 6,156      | (9,894)    |
| Pay-variable interest rate swap agreements -commercial                 |  |            |          |   |   |            |          | Interest and fees on loans                            | 16,670                                 | (6,156)    | 9,894      |
| Pay-variable interest rate swap agreement                              |  |            |          |   |   |            |          | Non-interest expense - other                          | —                                      | —          | (12)       |
| Total  |  |            |          |   |   |            |          |   | \$ 36                                  | \$ 268     | \$ 623     |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**
**NOTE 17 – RELATED PARTY TRANSACTIONS**

Certain directors and executive officers, including companies in which they are officers or have significant ownership, were loan and deposit customers during 2025 and 2024.

A summary of loans to our directors and executive officers (which includes loans to entities in which the individual owns a 10% or more voting interest) for the years ended December 31 follows:

|                              | 2025            | 2024            |
|------------------------------|-----------------|-----------------|
|                              | (In thousands)  |                 |
| Balance at beginning of year | \$ 3,938        | \$ 7,373        |
| New loans and advances       | 402             | 237             |
| Repayments                   | (459)           | (3,672)         |
| Balance at end of year       | <u>\$ 3,881</u> | <u>\$ 3,938</u> |

We had \$1.34 million and \$1.39 million in loan commitments to directors and executive officers at December 31, 2025 and 2024, respectively. Of these commitments, balances outstanding were \$0.10 million and \$0.01 million at December 31, 2025 and 2024, respectively, and included in the table above.

Deposits held by us for directors and executive officers totaled \$3.4 million and \$1.5 million at December 31, 2025 and 2024, respectively.

**NOTE 18 – 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 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 December 31, 2025 and 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:

|                       | 2025            | 2024            | 2023            |
|-----------------------|-----------------|-----------------|-----------------|
|                       | (In thousands)  |                 |                 |
| Operating lease cost  | \$ 1,408        | \$ 1,385        | \$ 1,436        |
| Variable lease cost   | 15              | 44              | 97              |
| Short-term lease cost | 75              | 91              | 94              |
| Total                 | <u>\$ 1,498</u> | <u>\$ 1,520</u> | <u>\$ 1,627</u> |

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Supplemental balance sheet information related to our operating leases follows:

|   | 2025           | 2024     |
|---|----------------|----------|
|   | (In thousands) |          |
| Lease right of use asset (1)                  | \$ 7,296       | \$ 5,971 |
| Lease liabilities (2)                         | \$ 7,528       | \$ 6,338 |
| Weighted average remaining lease term (years) | 6.79           | 7.07     |
| Weighted average discount rate                | 4.4 %          | 3.7 %    |

(1) Included in Accrued income and other assets in our Consolidated Statements of Financial Condition.

(2) Included in Accrued expenses and other liabilities in our Consolidated Statements of Financial Condition.

Maturity analysis of our lease liabilities at December 31, 2025 based on required contractual payments follows:

|                       | (In thousands) |
|-----------------------|----------------|
| 2026                  | \$ 1,479       |
| 2027                  | 1,340          |
| 2028                  | 1,289          |
| 2029                  | 1,296          |
| 2030                  | 1,126          |
| 2031 and thereafter   | 2,255          |
| Total lease payments  | 8,785          |
| Less imputed interest | (1,257)        |
| Total                 | \$ 7,528       |

**NOTE 19 – CONCENTRATIONS OF CREDIT RISK**

Credit risk is the risk to earnings and capital arising from an obligor's failure to meet the terms of any contract with our organization or otherwise failing to perform as agreed. Credit risk can occur outside of our traditional lending activities and can exist in any activity where success depends on counterparty, issuer or borrower performance. Concentrations of credit risk (whether on- or off-balance sheet) arising from financial instruments can exist in relation to individual borrowers or groups of borrowers, certain types of collateral, certain types of industries or certain geographic regions. Credit risk associated with these concentrations could arise when a significant amount of loans or other financial instruments, related by similar characteristics, are simultaneously impacted by changes in economic or other conditions that cause their probability of repayment or other type of settlement to be adversely affected. Our major concentrations of credit risk arise by collateral type and by industry. The significant concentrations by collateral type at December 31, 2025, include \$1.497 billion of loans secured by residential real estate and \$273.6 million of construction and land development loans.

Additionally, within our commercial real estate and commercial and industrial loan classes, we had significant standard industry classification concentrations in the following categories as of December 31, 2025: Lessors of Nonresidential Real Estate (\$624.3 million); Construction (\$214.1 million); Lessors of Residential Real Estate (\$180.8 million); Health Care and Social Assistance (\$174.5 million); Accommodation and Food Services (\$164.5 million); and Manufacturing (\$112.9 million). A geographic concentration arises because we primarily conduct our lending activities in the State of Michigan.

**NOTE 20 – 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 December 31, 2025, the

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Bank had positive undivided profits of \$222.6 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 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 December 31, 2025 and 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Our actual capital amounts and ratios at December 31 follow<sup>(1)</sup>:

|  | Actual     |         | Minimum for<br>Adequately Capitalized<br>Institutions |        | Minimum for<br>Well-Capitalized<br>Institutions |         |
|--|------------|---------|---|--------|---|---------|
|  | Amount     | Ratio   | Amount  | Ratio  | Amount  | Ratio   |
| (Dollars in thousands)                               |            |         |   |        |   |         |
| <b>2025</b>  |            |         |   |        |   |         |
| Total capital to risk-weighted assets                |            |         |   |        |   |         |
| Consolidated   | \$ 621,506 | 13.59 % | \$ 365,958  | 8.00 % | NA  | NA      |
| Independent Bank                                     | 570,750    | 12.49   | 365,463   | 8.00   | \$ 456,829                                      | 10.00 % |
| Tier 1 capital to risk-weighted assets               |            |         |   |        |   |         |
| Consolidated   | \$ 564,180 | 12.33 % | \$ 274,468  | 6.00 % | NA  | NA      |
| Independent Bank                                     | 513,500    | 11.24   | 274,098   | 6.00   | \$ 365,463                                      | 8.00 %  |
| Common equity tier 1 capital to risk-weighted assets |            |         |   |        |   |         |
| Consolidated   | \$ 525,540 | 11.49 % | \$ 205,851  | 4.50 % | NA  | NA      |
| Independent Bank                                     | 513,500    | 11.24   | 205,573   | 4.50   | \$ 296,939                                      | 6.50 %  |
| Tier 1 capital to average assets                     |            |         |   |        |   |         |
| Consolidated   | \$ 564,180 | 10.27 % | \$ 219,663  | 4.00 % | NA  | NA      |
| Independent Bank                                     | 513,500    | 9.36    | 219,422   | 4.00   | \$ 274,278                                      | 5.00 %  |
| <b>2024</b>  |            |         |   |        |   |         |
| 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 December 31, 2025 and 2024.

NA - Not applicable

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

The components of our regulatory capital are as follows:

|   | <b>Consolidated</b>   |                   | <b>Independent Bank</b> |                   |
|---|-----------------------|-------------------|-------------------------|-------------------|
|   | <b>December 31,</b>   |                   | <b>December 31,</b>     |                   |
|   | <b>2025</b>           | <b>2024</b>       | <b>2025</b>             | <b>2024</b>       |
|   | <b>(In thousands)</b> |                   |                         |                   |
| Total shareholders' equity  | \$ 502,951            | \$ 454,686        | \$ 490,911              | \$ 478,188        |
| Add (deduct)  |                       |                   |                         |                   |
| Accumulated other comprehensive loss for regulatory purposes  | 51,890                | 64,146            | 51,890                  | 64,146            |
| Goodwill and other intangibles  | (29,301)              | (29,788)          | (29,301)                | (29,788)          |
| Common equity tier 1 capital  | 525,540               | 489,044           | 513,500                 | 512,546           |
| Qualifying trust preferred securities   | 38,640                | 38,572            | —                       | —                 |
| Tier 1 capital  | 564,180               | 527,616           | 513,500                 | 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 | 57,326                | 54,828            | 57,250                  | 54,708            |
| Total risk-based capital  | <u>\$ 621,506</u>     | <u>\$ 622,444</u> | <u>\$ 570,750</u>       | <u>\$ 567,254</u> |

**NOTE 21 – 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 securities without relying exclusively on quoted prices for specific securities but rather by relying on the securities' relationship to other benchmark

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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 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 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).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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

|  | <b>Fair Value Measurements Using</b>     |   |  |  |
|--|--|---|--|--|
|  | <b>Fair Value<br/>Measure-<br/>ments</b> | <b>Quoted Prices<br/>in Active<br/>Markets<br/>for<br/>Identical<br/>Assets<br/>(Level 1)</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Significant<br/>Un-<br/>observable<br/>Inputs<br/>(Level 3)</b> |
| (In thousands)                                   |  |   |  |  |
| December 31, 2025:                               |  |   |  |  |
| Measured at Fair Value on a Recurring Basis      |  |   |  |  |
| Assets   |  |   |  |  |
| Securities available for sale                    |  |   |  |  |
| U.S. agency                                      | \$ 7,917                                 | \$ —  | \$ 7,917   | \$ —   |
| U.S. agency residential mortgage-backed          | 81,065                                   | —   | 81,065   | —  |
| U.S. agency commercial mortgage-backed           | 7,186                                    | —   | 7,186  | —  |
| Private label mortgage-backed                    | 40,506                                   | —   | 40,506   | —  |
| Other asset backed                               | 30,185                                   | —   | 30,185   | —  |
| Obligations of states and political subdivisions | 280,402                                  | —   | 280,402  | —  |
| Corporate  | 47,661                                   | —   | 47,661   | —  |
| Trust preferred                                  | 987                                      | —   | 987  | —  |
| Loans held for sale                              | 9,031                                    | —   | 9,031  | —  |
| Capitalized mortgage loan servicing rights       | 31,493                                   | —   | —  | 31,493   |
| Derivatives (1)                                  | 29,584                                   | —   | 29,584   | —  |
| Liabilities                                      |  |   |  |  |
| Derivatives (2)                                  | 19,551                                   | —   | 19,551   | —  |
| Measured at Fair Value on a Non-recurring Basis: |  |   |  |  |
| Assets   |  |   |  |  |
| Collateral dependent loans (3)                   |  |   |  |  |
| Commercial                                       |  |   |  |  |
| Commercial and industrial                        | 7,361                                    | —   | —  | 7,361  |
| Commercial real estate                           | 10,123                                   | —   | —  | 10,123   |
| Mortgage   |  |   |  |  |
| 1-4 family owner occupied - non-jumbo            | 432                                      | —   | —  | 432  |
| 1-4 family non-owner occupied                    | 14                                       | —   | —  | 14   |
| 1-4 family - 2nd lien                            | 238                                      | —   | —  | 238  |
| Resort lending                                   | 37                                       | —   | —  | 37   |
| Installment                                      |  |   |  |  |
| Boat lending                                     | 150                                      | —   | —  | 150  |
| Recreational vehicle lending                     | 153                                      | —   | —  | 153  |
| Other  | 70                                       | —   | —  | 70   |

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

|  | 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)                                   |                               |  |   |  |
| 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                        | —  | —   | 46,796                                     |
| 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                         | —  | —   | 4,205                                      |
| Commercial real estate                           | 132                           | —  | —   | 132  |
| Mortgage   |                               |  |   |  |
| 1-4 family owner occupied - non-jumbo            | 627                           | —  | —   | 627  |
| 1-4 family - 2nd lien                            | 170                           | —  | —   | 170  |
| Resort lending                                   | 92                            | —  | —   | 92   |
| Installment                                      |                               |  |   |  |
| Boat lending                                     | 56                            | —  | —   | 56   |
| Recreational vehicle lending                     | 172                           | —  | —   | 172  |
| Other  | 59                            | —  | —   | 59   |

(1) Included in accrued income and other assets in the Consolidated Statements of Financial Condition.

(2) Included in accrued expenses and other liabilities in the Consolidated Statements of Financial Condition.

(3) Only includes individually evaluated loans with specific loss allocations based on collateral value.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Changes in fair values of financial assets for which we have elected the fair value option for the years ended December 31 were as follows:

|  | Net Gains (Losses)<br>on Assets -<br>Mortgage<br>Loans | Mortgage<br>Loan<br>Servicing, net | Total<br>Change<br>in Fair<br>Values<br>Included<br>in Current<br>Period<br>Earnings |
|--|--|------------------------------------|--|
|  | (In thousands)   |                                    |  |
| <b>2025</b>                                |  |                                    |  |
| Loans held for sale                        | \$ 49  | \$ —                               | \$ 49  |
| Capitalized mortgage loan servicing rights | —  | (5,741)                            | (5,741)  |
| <b>2024</b>                                |  |                                    |  |
| Loans held for sale                        | 139  | —                                  | 139  |
| Capitalized mortgage loan servicing rights | —  | 533                                | 533  |
| <b>2023</b>                                |  |                                    |  |
| Loans held for sale                        | 2,281  | —                                  | 2,281  |
| Capitalized mortgage loan servicing rights | —  | (4,202)                            | (4,202)  |

For those items measured at fair value pursuant to our election of the fair value option, interest income is recorded within the 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 years ended December 31, 2025, 2024 and 2023 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 \$18.6 million, which is net of a valuation allowance of \$6.8 million at December 31, 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. An additional provision for credit losses relating to these collateral dependent loans of \$7.0 million, \$0.2 million and \$1.1 million was included in our results of operations for the years ending December 31, 2025, 2024 and 2023, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

A reconciliation for all assets and (liabilities) measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31 follows:

|   | <b>Capitalized Mortgage<br/>Loan Servicing Rights</b> |                  |                   |
|---|---|------------------|-------------------|
|   | <b>2025</b>   | <b>2024</b>      | <b>2023</b>       |
|   | <b>(In thousands)</b>                                 |                  |                   |
| Beginning balance   | \$ 46,796   | \$ 42,243        | \$ 42,489         |
| Total losses realized and unrealized:   |   |                  |                   |
| Included in results of operations   | (5,741)   | 533              | (4,202)           |
| Included in results of operations - gain on sale (1)  | (233)   | —                | —                 |
| Included in other comprehensive income (loss)   | —   | —                | —                 |
| Purchases, issuances, settlements, maturities and calls   | 3,494   | 4,020            | 3,956             |
| Sales (1)   | (12,823)  | —                | —                 |
| Transfers in and/or out of Level 3  | —   | —                | —                 |
| Ending balance  | <u>\$ 31,493</u>                                      | <u>\$ 46,796</u> | <u>\$ 42,243</u>  |
| Amount of total gains (losses) for the period included in earnings attributable to the change in unrealized losses relating to assets and liabilities still held at December 31 | <u>\$ (5,741)</u>                                     | <u>\$ 533</u>    | <u>\$ (4,202)</u> |

- (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 \$0.1 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 were expensed in 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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

value of our capitalized mortgage loan servicing rights. Quantitative information about our Level 3 fair value measurements measured on a recurring basis follows:

|  | <b>Asset<br/>Fair<br/>Value</b> | <b>Valuation<br/>Technique</b>         | <b>Unobservable<br/>Inputs</b> | <b>Range</b>     | <b>Weighted<br/>Average</b> |
|--|---------------------------------|--|--------------------------------|------------------|-----------------------------|
|  | <b>(In thousands)</b>           |  |                                |                  |                             |
| <b>2025</b>                                |                                 |  |                                |                  |                             |
| Capitalized mortgage loan servicing rights | \$ 31,493                       | Present value of net servicing revenue | Discount rate                  | 9.50% to 18.65%  | 9.94 %                      |
|  |                                 |  | Cost to service                | \$69 to \$817    | \$ 80                       |
|  |                                 |  | Ancillary income               | 20 to 30         | 20                          |
|  |                                 |  | Float rate                     | 3.75 %           | 3.75 %                      |
|  |                                 |  | Prepayment rate                | 5.39% to 39.62%  | 9.60 %                      |
| <b>2024</b>                                |                                 |  |                                |                  |                             |
| 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 %                      |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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

|                              | <b>Asset<br/>Fair<br/>Value</b> |     | <b>Valuation<br/>Technique</b>   | <b>Unobservable<br/>Inputs</b>                      | <b>Range</b>   | <b>Weighted<br/>Average</b> |
|------------------------------|---------------------------------|-----|--|---|----------------|-----------------------------|
|                              | <b>(In thousands)</b>           |     |  |   |                |                             |
| <b>2025</b>                  |                                 |     |  |   |                |                             |
| Collateral dependent loans   |                                 |     |  |   |                |                             |
| Commercial                   | \$ 9,826                        | (1) |  |   |                |                             |
|                              |                                 |     | Income approach  | Discount rates used                                 | 9.0% to 16.0%  | 13.5 %                      |
|                              |                                 |     | Sales comparison approach  | Adjustment for differences between comparable sales | (50.0) to 15.0 | (0.6)                       |
|                              | 7,010                           |     | Discounting financial statement and machinery and equipment appraised values | Discount rates used                                 | 40.0 to 65.0   | 47.2                        |
|                              | 648                             |     | Sales comparison approach  | Adjustment for differences between comparable sales | (18.0) to 65.0 | 8.7                         |
| Mortgage and Installment (2) | 1,094                           |     | Sales comparison approach  | Adjustment for differences between comparable sales | (17.7) to 16.9 | 0.2                         |
| <b>2024</b>                  |                                 |     |  |   |                |                             |
| Collateral dependent loans   |                                 |     |  |   |                |                             |
|                              |                                 |     | Discounting financial statement and machinery and equipment appraised values | Discount rates used                                 | 45.0% to 55.0% | 50.5%                       |
| Commercial                   | \$ 4,337                        |     | Sales comparison approach  | Adjustment for differences between comparable sales | (20.0) to 35.0 | (1.4)                       |
| Mortgage and Installment (2) | 1,176                           |     | Sales comparison approach  | Adjustment for differences between comparable sales | (22.0) to 21.7 | (0.4)                       |

- (1) We have one commercial loan relationship that is cross collateralized by several properties whose appraisals used different valuation techniques.
- (2) In addition to the valuation techniques and unobservable inputs discussed above, at December 31, 2025 and 2024 certain collateral dependent installment loans totaling approximately \$0.37 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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 at December 31:

|                     | <b>Aggregate<br/>Fair Value</b> | <b>Difference</b> | <b>Contractual<br/>Principal</b> |
|---------------------|---------------------------------|-------------------|----------------------------------|
|                     | <b>(In thousands)</b>           |                   |                                  |
| Loans held for sale |                                 |                   |                                  |
| 2025                | \$ 9,031                        | \$ 127            | \$ 8,904                         |
| 2024                | 7,643                           | 78                | 7,565                            |
| 2023                | 12,063                          | (61)              | 12,124                           |

**NOTE 22 – 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

The estimated recorded book balances and fair values at December 31 follow:

|  |                             |              | Fair Value Using  |   |   |
|--|-----------------------------|--------------|---|---|---|
|  |                             |              | Quoted<br>Prices<br>in Active<br>Markets<br>for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Un-<br>observable<br>Inputs<br>(Level 3) |
|  | Recorded<br>Book<br>Balance | Fair Value   | (In thousands)  |   |   |
| <b>2025</b>  |                             |              |   |   |   |
| Assets   |                             |              |   |   |   |
| Cash and due from banks                                  | \$ 52,235                   | \$ 52,235    | \$ 52,235   | \$ —  | \$ —  |
| Interest bearing deposits                                | 86,152                      | 86,152       | 86,152  | —   | —   |
| Securities available for sale                            | 495,909                     | 495,909      | —   | 495,909   | —   |
| Securities held to maturity                              | 309,523                     | 282,830      | —   | 282,830   | —   |
| Federal Home Loan Bank and Federal Reserve Bank<br>Stock | 18,102                      | NA           | NA  | NA  | NA  |
| Net loans and loans held for sale                        | 4,221,871                   | 4,062,200    | —   | 9,031   | 4,053,169   |
| Accrued interest receivable                              | 19,030                      | 19,030       | 35  | 5,043   | 13,952  |
| Derivative financial instruments                         | 29,584                      | 29,584       | —   | 29,584  | —   |
| Liabilities  |                             |              |   |   |   |
| Deposits with no stated maturity (1)                     | \$ 3,967,941                | \$ 3,967,941 | \$ 3,967,941  | \$ —  | \$ —  |
| Deposits with stated maturity (1)                        | 793,741                     | 791,598      | —   | 791,598   | —   |
| Other borrowings   | 77,003                      | 76,680       | —   | 76,680  | —   |
| Subordinated debentures                                  | 39,864                      | 39,761       | —   | 39,761  | —   |
| Accrued interest payable                                 | 1,892                       | 1,892        | 316   | 1,576   | —   |
| Derivative financial instruments                         | 19,551                      | 19,551       | —   | 19,551  | —   |
| <b>2024</b>  |                             |              |   |   |   |
| 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<br>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  | —   |

NA – Not applicable

- (1) Deposits with no stated maturity include reciprocal deposits with a recorded book balance of \$862.697 million and \$797.224 million at December 31, 2025 and 2024, respectively. Deposits with a stated maturity include reciprocal deposits with a recorded book balance of \$112.224 million and \$109.807 million at December 31, 2025 and 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**
**NOTE 23 – ACCUMULATED OTHER COMPREHENSIVE LOSS**

A summary of changes in accumulated other comprehensive loss (“AOCL”), net of tax during the years ended December 31 follows:

|  | Unrealized<br>Losses on<br>Securities<br>AFS | Unrealized<br>Losses on<br>Securities<br>Transferred to<br>Securities HTM<br>(1) | Dispropor-<br>tionate<br>Tax Effects<br>from<br>Securities<br>AFS | Unrealized<br>Gains (Losses) on<br>Derivative<br>Instruments | Total              |
|--|--|--|---|--|--------------------|
|  | (In thousands)                               |  |   |  |                    |
| <b>2025</b>  |  |  |   |  |                    |
| Balances at beginning of period                            | \$ (49,301)                                  | \$ (12,775)  | \$ (5,798)  | \$ (2,070)   | \$ (69,944)        |
| Other comprehensive income (loss) before reclassifications | 8,754  | 2,519  | —   | (978)  | 10,295             |
| Amounts reclassified from AOCL                             | 293  | —  | —   | 1,668  | 1,961              |
| Net current period other comprehensive income              | 9,047  | 2,519  | —   | 690  | 12,256             |
| Balances at end of period                                  | <u>\$ (40,254)</u>                           | <u>\$ (10,256)</u>   | <u>\$ (5,798)</u>   | <u>\$ (1,380)</u>  | <u>\$ (57,688)</u> |
| <b>2024</b>  |  |  |   |  |                    |
| Balances at beginning of period                            | \$ (51,113)                                  | \$ (15,408)  | \$ (5,798)  | \$ 177   | \$ (72,142)        |
| Other comprehensive income (loss) before reclassifications | 1,474  | 2,633  | —   | (3,326)  | 781                |
| Amounts reclassified from AOCL                             | 338  | —  | —   | 1,079  | 1,417              |
| Net current period other comprehensive income (loss)       | 1,812  | 2,633  | —   | (2,247)  | 2,198              |
| Balances at end of period                                  | <u>\$ (49,301)</u>                           | <u>\$ (12,775)</u>   | <u>\$ (5,798)</u>   | <u>\$ (2,070)</u>  | <u>\$ (69,944)</u> |
| <b>2023</b>  |  |  |   |  |                    |
| Balances at beginning of period                            | \$ (68,742)                                  | \$ (18,223)  | \$ (5,798)  | \$ —   | \$ (92,763)        |
| Other comprehensive income (loss) before reclassifications | 17,454                                       | 2,815  | —   | (168)  | 20,101             |
| Amounts reclassified from AOCL                             | 175  | —  | —   | 345  | 520                |
| Net current period other comprehensive income              | 17,629                                       | 2,815  | —   | 177  | 20,621             |
| Balances at end of period                                  | <u>\$ (51,113)</u>                           | <u>\$ (15,408)</u>   | <u>\$ (5,798)</u>   | <u>\$ 177</u>  | <u>\$ (72,142)</u> |

(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 primarily 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

A summary of reclassifications out of each component of AOCL for the years ended December 31 follows:

| AOCL Component                                      | Reclassified<br>From<br>AOCL<br><br>(In thousands) | Affected Line Item in<br>Consolidated Statements of Operations |
|---|--|--|
| <b>2025</b>   |  |  |
| Unrealized losses on securities available for sale  | \$ (370)   | Net losses on securities available for sale                    |
|   | (77)   | Income tax expense   |
|   | <u>(293)</u>                                       | Reclassifications, net of tax                                  |
| Unrealized gains (losses) on derivative instruments | (2,088)  | Interest income  |
|   | 23   | Interest expense   |
|   | (2,111)  |  |
|   | (443)  | Income tax expense   |
|   | <u>(1,668)</u>                                     | Reclassifications, net of tax                                  |
|   | <u>\$ (1,961)</u>                                  | Total reclassifications for the period, net of tax             |
| <b>2024</b>   |  |  |
| Unrealized losses on securities available for sale  | \$ (428)   | Net losses on securities available for sale                    |
|   | (90)   | Income tax expense   |
|   | <u>(338)</u>                                       | Reclassifications, net of tax                                  |
| Unrealized gains (losses) on derivative instruments | (1,366)  | Interest income  |
|   | (287)  | Income tax expense   |
|   | <u>(1,079)</u>                                     | Reclassifications, net of tax                                  |
|   | <u>\$ (1,417)</u>                                  | Total reclassifications for the period, net of tax             |
| <b>2023</b>   |  |  |
| Unrealized losses on securities available for sale  | \$ (222)   | Net losses on securities available for sale                    |
|   | (47)   | Income tax expense   |
|   | <u>(175)</u>                                       | Reclassifications, net of tax                                  |
| Unrealized gains (losses) on derivative instruments | (437)  | Interest income  |
|   | (92)   | Income tax expense   |
|   | <u>(345)</u>                                       | Reclassifications, net of tax                                  |
|   | <u>\$ (520)</u>                                    | Total reclassifications for the period, net of tax             |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**
**NOTE 24 – INDEPENDENT BANK CORPORATION (PARENT COMPANY ONLY) FINANCIAL INFORMATION**

Presented below are condensed financial statements for our parent company.

**CONDENSED STATEMENTS OF FINANCIAL CONDITION**

|   | <b>December 31,</b> |                   |
|---|---------------------|-------------------|
|   | <b>2025</b>         | <b>2024</b>       |
| <b>(In thousands)</b>                             |                     |                   |
| <b>ASSETS</b>                                     |                     |                   |
| Cash and due from banks                           | \$ 46,731           | \$ 9,901          |
| Interest bearing deposits - time                  | —                   | 40,000            |
| Investment in subsidiaries                        | 492,936             | 484,887           |
| Accrued income and other assets                   | 25,072              | 8,830             |
| <b>Total Assets</b>                               | <b>\$ 564,739</b>   | <b>\$ 543,618</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                     |                   |
| Subordinated debt                                 | \$ —                | \$ 39,586         |
| Subordinated debentures                           | 39,864              | 39,796            |
| Accrued expenses and other liabilities            | 20,746              | 8,520             |
| Shareholders' equity                              | 504,129             | 455,716           |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>\$ 564,739</b>   | <b>\$ 543,618</b> |

**CONDENSED STATEMENTS OF OPERATIONS**

|   | <b>Year Ended December 31,</b> |                  |                  |
|---|--------------------------------|------------------|------------------|
|   | <b>2025</b>                    | <b>2024</b>      | <b>2023</b>      |
| <b>(In thousands)</b>   |                                |                  |                  |
| <b>OPERATING INCOME</b>   |                                |                  |                  |
| Dividends from subsidiary   | \$ 76,500                      | \$ 25,000        | \$ 24,000        |
| Interest income   | 1,356                          | 1,746            | 1,317            |
| Other income  | 87                             | 99               | 96               |
| <b>Total Operating Income</b>   | <b>77,943</b>                  | <b>26,845</b>    | <b>25,413</b>    |
| <b>OPERATING EXPENSES</b>   |                                |                  |                  |
| Interest expense  | 5,396                          | 5,818            | 5,726            |
| Administrative and other expenses   | 1,144                          | 1,073            | 1,134            |
| <b>Total Operating Expenses</b>   | <b>6,540</b>                   | <b>6,891</b>     | <b>6,860</b>     |
| Income Before Income Tax and Equity in Undistributed Net Income of Subsidiaries | 71,403                         | 19,954           | 18,553           |
| Income tax benefit  | (1,492)                        | (1,112)          | (1,215)          |
| Income Before Equity in Undistributed Net Income of Subsidiaries                | 72,895                         | 21,066           | 19,768           |
| Equity in undistributed net income of subsidiaries                              | (4,354)                        | 45,724           | 39,299           |
| <b>Net Income</b>   | <b>\$ 68,541</b>               | <b>\$ 66,790</b> | <b>\$ 59,067</b> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**
**CONDENSED STATEMENTS OF CASH FLOWS**

|   | Year Ended December 31, |           |           |
|---|-------------------------|-----------|-----------|
|   | 2025                    | 2024      | 2023      |
|   | (In thousands)          |           |           |
| Net Income  | \$ 68,541               | \$ 66,790 | \$ 59,067 |
| ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH FROM OPERATING ACTIVITIES |                         |           |           |
| Deferred income tax expense (benefit)                                     | 13                      | 72        | (56)      |
| Share based compensation  | 66                      | 61        | 91        |
| Accretion of discount on subordinated debt and debentures                 | 482                     | 144       | 145       |
| (Increase) decrease in accrued income and other assets                    | (16,255)                | (4,483)   | 1,857     |
| Increase (decrease) in accrued expenses and other liabilities             | 12,334                  | 5,334     | (2,862)   |
| Equity in undistributed net income of subsidiaries                        | 4,354                   | (45,724)  | (39,299)  |
| Total Adjustments   | 994                     | (44,596)  | (40,124)  |
| Net Cash From Operating Activities  | 69,535                  | 22,194    | 18,943    |
| CASH FLOW USED IN INVESTING ACTIVITIES                                    |                         |           |           |
| Purchases of interest bearing deposits - time                             | (115,000)               | (145,000) | (80,000)  |
| Maturity of interest bearing deposits - time                              | 155,000                 | 145,000   | 80,000    |
| Net Cash Used In Investing Activities                                     | 40,000                  | —         | —         |
| CASH FLOW USED IN FINANCING ACTIVITIES                                    |                         |           |           |
| Extinguishment of subordinated debt                                       | (40,000)                | —         | —         |
| Dividends paid  | (21,600)                | (20,045)  | (19,327)  |
| Proceeds from issuance of common stock                                    | 2,543                   | 2,284     | 2,208     |
| Share based compensation withholding obligation                           | (1,215)                 | (1,051)   | (650)     |
| Repurchase of common stock  | (12,433)                | —         | (5,157)   |
| Net Cash Used In Financing Activities                                     | (72,705)                | (18,812)  | (22,926)  |
| Net Increase (Decrease) in Cash and Cash Equivalents                      | 36,830                  | 3,382     | (3,983)   |
| Cash and Cash Equivalents at Beginning of Year                            | 9,901                   | 6,519     | 10,502    |
| Cash and Cash Equivalents at End of Year                                  | \$ 46,731               | \$ 9,901  | \$ 6,519  |

**NOTE 25 – 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%, 88.5% and 86.8% of total revenues at December 31, 2025, 2024 and 2023, 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 December 31, 2025 and 2024.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

*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 2025, 2024 or 2023 that were financed by us.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Disaggregation of our revenue sources by attribute for the years ended December 31 follow:

| 2025                      | <b>Service<br/>Charges<br/>on Deposit<br/>Accounts</b> | <b>Other<br/>Deposit<br/>Related<br/>Income</b> | <b>Interchange<br/>Income</b> | <b>Investment<br/>and<br/>Insurance<br/>Commissions</b> | <b>Total</b>     |
|---------------------------|--|---|-------------------------------|---|------------------|
|                           | (In thousands)   |   |                               |   |                  |
| <b>Retail</b>             |  |   |                               |   |                  |
| Overdraft fees            | \$ 8,939   | \$ —  | \$ —                          | \$ —  | \$ 8,939         |
| Account service charges   | 2,637  | —   | —                             | —   | 2,637            |
| ATM fees                  | —  | 1,529   | —                             | —   | 1,529            |
| Other                     | —  | 653   | —                             | —   | 653              |
| <b>Business</b>           |  |   |                               |   |                  |
| Overdraft fees            | 446  | —   | —                             | —   | 446              |
| ATM fees                  | —  | 47  | —                             | —   | 47               |
| Other                     | —  | 454   | —                             | —   | 454              |
| Interchange income        | —  | —   | 13,860                        | —   | 13,860           |
| Asset management revenue  | —  | —   | —                             | 1,637   | 1,637            |
| Transaction based revenue | —  | —   | —                             | 1,873   | 1,873            |
| <b>Total</b>              | <b>\$ 12,022</b>                                       | <b>\$ 2,683</b>                                 | <b>\$ 13,860</b>              | <b>\$ 3,510</b>   | <b>\$ 32,075</b> |

**Reconciliation to Consolidated Statement of Operations:**
**Non-interest income - other:**

|                                      |                  |
|--------------------------------------|------------------|
| Other deposit related income         | \$ 2,683         |
| Investment and insurance commissions | 3,510            |
| Bank owned life insurance (1)        | 1,187            |
| Other (1)                            | 5,145            |
| <b>Total</b>                         | <b>\$ 12,525</b> |

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

|   | Service<br>Charges<br>on Deposit<br>Accounts | Other<br>Deposit<br>Related<br>Income | Interchange<br>Income | Investment<br>and<br>Insurance<br>Commissions | Total            |
|---|--|---------------------------------------|-----------------------|---|------------------|
| 2024  |  |                                       |                       |   |                  |
|   | (In thousands)                               |                                       |                       |   |                  |
| Retail  |  |                                       |                       |   |                  |
| Overdraft fees  | \$ 9,061                                     | \$ —                                  | \$ —                  | \$ —  | \$ 9,061         |
| Account service charges                                 | 2,358  | —                                     | —                     | —   | 2,358            |
| ATM fees  | —  | 1,601                                 | —                     | —   | 1,601            |
| Other   | —  | 772                                   | —                     | —   | 772              |
| Business  |  |                                       |                       |   |                  |
| Overdraft fees  | 451  | —                                     | —                     | —   | 451              |
| ATM fees  | —  | 49                                    | —                     | —   | 49               |
| Other   | —  | 427                                   | —                     | —   | 427              |
| Interchange income                                      | —  | —                                     | 13,992                | —   | 13,992           |
| Asset management revenue                                | —  | —                                     | —                     | 1,847   | 1,847            |
| Transaction based revenue                               | —  | —                                     | —                     | 1,421   | 1,421            |
| <b>Total</b>  | <b>\$ 11,870</b>                             | <b>\$ 2,849</b>                       | <b>\$ 13,992</b>      | <b>\$ 3,268</b>                               | <b>\$ 31,979</b> |
| Reconciliation to Consolidated Statement of Operations: |  |                                       |                       |   |                  |
| Non-interest income - other:                            |  |                                       |                       |   |                  |
| Other deposit related income                            |  |                                       |                       | \$  | 2,849            |
| Investment and insurance commissions                    |  |                                       |                       |   | 3,268            |
| Bank owned life insurance (1)                           |  |                                       |                       |   | 834              |
| Other (1)   |  |                                       |                       |   | 5,266            |
| <b>Total</b>  |  |                                       |                       | <b>\$</b>                                     | <b>12,217</b>    |

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

|   | Service<br>Charges<br>on Deposit<br>Accounts | Other<br>Deposit<br>Related<br>Income | Interchange<br>Income | Investment<br>and<br>Insurance<br>Commissions | Total            |
|---|--|---------------------------------------|-----------------------|---|------------------|
| 2023  |  |                                       |                       |   |                  |
|   | (In thousands)                               |                                       |                       |   |                  |
| Retail  |  |                                       |                       |   |                  |
| Overdraft fees  | \$ 9,686                                     | \$ —                                  | \$ —                  | \$ —  | \$ 9,686         |
| Account service charges                                 | 2,162  | —                                     | —                     | —   | 2,162            |
| ATM fees  | —  | 1,636                                 | —                     | —   | 1,636            |
| Other   | —  | 993                                   | —                     | —   | 993              |
| Business  |  |                                       |                       |   |                  |
| Overdraft fees  | 513  | —                                     | —                     | —   | 513              |
| ATM fees  | —  | 47                                    | —                     | —   | 47               |
| Other   | —  | 414                                   | —                     | —   | 414              |
| Interchange income                                      | —  | —                                     | 13,996                | —   | 13,996           |
| Asset management revenue                                | —  | —                                     | —                     | 1,861   | 1,861            |
| Transaction based revenue                               | —  | —                                     | —                     | 1,595   | 1,595            |
| <b>Total</b>  | <b>\$ 12,361</b>                             | <b>\$ 3,090</b>                       | <b>\$ 13,996</b>      | <b>\$ 3,456</b>                               | <b>\$ 32,903</b> |
| Reconciliation to Consolidated Statement of Operations: |  |                                       |                       |   |                  |
| Non-interest income - other:                            |  |                                       |                       |   |                  |
| Other deposit related income                            |  |                                       |                       | \$  | 3,090            |
| Investment and insurance commissions                    |  |                                       |                       |   | 3,456            |
| Bank owned life insurance (1)                           |  |                                       |                       |   | 474              |
| Other (1)   |  |                                       |                       |   | 5,459            |
| <b>Total</b>  |  |                                       |                       | <b>\$</b>                                     | <b>12,479</b>    |

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

**NOTE 26 – 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.

Accounting policies for our segment are the same as those described in Note #1 - Accounting Policies. 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 consolidated financial statements for the years ended December 31, 2025, 2024 and 2023.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

|   | 2025             |                      |              |            |
|---|------------------|----------------------|--------------|------------|
|   | Independent Bank | Other <sup>(1)</sup> | Eliminations | Total      |
|   | (In thousands)   |                      |              |            |
| <b>INTEREST INCOME</b>                                |                  |                      |              |            |
| Interest and fees on loans                            | \$ 238,532       | \$ —                 | \$ 301       | \$ 238,833 |
| Interest on securities                                | 25,948           | —                    | —            | 25,948     |
| Other investments                                     | 4,956            | 1,356                | (1,356)      | 4,956      |
| Total Interest Income                                 | 269,436          | 1,356                | (1,055)      | 269,737    |
| <b>INTEREST EXPENSE</b>                               |                  |                      |              |            |
| Deposits  | 84,854           | —                    | (1,356)      | 83,498     |
| Other borrowings and subordinated debt and debentures | 828              | 5,396                | —            | 6,224      |
| Total Interest Expense                                | 85,682           | 5,396                | (1,356)      | 89,722     |
| Net Interest Income                                   | 183,754          | (4,040)              | 301          | 180,015    |
| Provision for credit losses                           | 6,135            | —                    | —            | 6,135      |
| Net Interest Income After Provision for Credit Losses | 177,619          | (4,040)              | 301          | 173,880    |
| <b>NON-INTEREST INCOME</b>                            |                  |                      |              |            |
| Interchange income                                    | 13,860           | —                    | —            | 13,860     |
| Service charges on deposit accounts                   | 12,022           | —                    | —            | 12,022     |
| Net gains on mortgage loans                           | 6,543            | —                    | 237          | 6,780      |
| Mortgage loan servicing, net                          | 827              | —                    | —            | 827        |
| Other   | 11,751           | 1,278                | (874)        | 12,155     |
| Total Non-interest Income                             | 45,003           | 1,278                | (637)        | 45,644     |
| <b>NON-INTEREST EXPENSE</b>                           |                  |                      |              |            |
| Compensation and employee benefits                    | 84,799           | 545                  | (150)        | 85,194     |
| Data processing                                       | 14,709           | 79                   | —            | 14,788     |
| Occupancy, net  | 8,544            | 23                   | —            | 8,567      |
| Interchange expense                                   | 4,641            | —                    | —            | 4,641      |
| Furniture, fixtures and equipment                     | 3,464            | 3                    | —            | 3,467      |
| Advertising   | 3,202            | 9                    | —            | 3,211      |
| FDIC deposit insurance                                | 2,824            | —                    | —            | 2,824      |
| Loan and collection                                   | 2,737            | —                    | —            | 2,737      |
| Legal and professional                                | 2,009            | 439                  | —            | 2,448      |
| Communications  | 1,972            | 25                   | —            | 1,997      |
| Other   | 7,559            | 800                  | —            | 8,359      |
| Total Non-interest Expense                            | 136,460          | 1,923                | (150)        | 138,233    |
| Income Before Income Tax                              | 86,162           | (4,685)              | (186)        | 81,291     |
| Income tax expense                                    | 14,195           | (1,406)              | (39)         | 12,750     |
| Net Income  | \$ 71,967        | \$ (3,279)           | \$ (147)     | \$ 68,541  |
| <b>OTHER SEGMENT DISCLOSURES</b>                      |                  |                      |              |            |
| Depreciation  | \$ 4,991         | \$ 2                 | \$ —         | \$ 4,993   |
| Amortization  | 487              | —                    | —            | 487        |
| Total assets  | 5,499,615        | 565,709              | (559,604)    | 5,505,720  |

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

|   | 2024             |                      |              |            |
|---|------------------|----------------------|--------------|------------|
|   | Independent Bank | Other <sup>(1)</sup> | Eliminations | Total      |
|   | (In thousands)   |                      |              |            |
| <b>INTEREST INCOME</b>                                |                  |                      |              |            |
| Interest and fees on loans                            | \$ 228,325       | \$ —                 | \$ 260       | \$ 228,585 |
| Interest on securities                                | 31,983           | —                    | —            | 31,983     |
| Other investments                                     | 6,208            | 1,746                | (1,746)      | 6,208      |
| Total Interest Income                                 | 266,516          | 1,746                | (1,486)      | 266,776    |
| <b>INTEREST EXPENSE</b>                               |                  |                      |              |            |
| Deposits  | 94,440           | —                    | (1,746)      | 92,694     |
| Other borrowings and subordinated debt and debentures | 2,016            | 5,818                | —            | 7,834      |
| Total Interest Expense                                | 96,456           | 5,818                | (1,746)      | 100,528    |
| Net Interest Income                                   | 170,060          | (4,072)              | 260          | 166,248    |
| Provision for credit losses                           | 4,468            | —                    | —            | 4,468      |
| Net Interest Income After Provision for Credit Losses | 165,592          | (4,072)              | 260          | 161,780    |
| <b>NON-INTEREST INCOME</b>                            |                  |                      |              |            |
| Interchange income                                    | 13,992           | —                    | —            | 13,992     |
| Service charges on deposit accounts                   | 11,870           | —                    | —            | 11,870     |
| Net gains on mortgage loans                           | 6,374            | —                    | 205          | 6,579      |
| Mortgage loan servicing, net                          | 9,447            | —                    | —            | 9,447      |
| Other   | 14,074           | 1,082                | (682)        | 14,474     |
| Total Non-interest Income                             | 55,757           | 1,082                | (477)        | 56,362     |
| <b>NON-INTEREST EXPENSE</b>                           |                  |                      |              |            |
| Compensation and employee benefits                    | 84,580           | 493                  | (118)        | 84,955     |
| Data processing                                       | 13,505           | 74                   | —            | 13,579     |
| Occupancy, net  | 7,782            | 24                   | —            | 7,806      |
| Interchange expense                                   | 4,504            | —                    | —            | 4,504      |
| Furniture, fixtures and equipment                     | 3,759            | 3                    | —            | 3,762      |
| Advertising   | 3,049            | 9                    | —            | 3,058      |
| FDIC deposit insurance                                | 2,870            | —                    | —            | 2,870      |
| Legal and professional                                | 2,163            | 403                  | —            | 2,566      |
| Loan and collection                                   | 2,474            | —                    | —            | 2,474      |
| Communications  | 2,073            | 22                   | —            | 2,095      |
| Other   | 6,674            | 753                  | —            | 7,427      |
| Total Non-interest Expense                            | 133,433          | 1,781                | (118)        | 135,096    |
| Income Before Income Tax                              | 87,916           | (4,771)              | (99)         | 83,046     |
| Income tax expense                                    | 17,334           | (1,057)              | (21)         | 16,256     |
| Net Income  | \$ 70,582        | \$ (3,714)           | \$ (78)      | \$ 66,790  |
| <b>OTHER SEGMENT DISCLOSURES</b>                      |                  |                      |              |            |
| Depreciation  | \$ 5,185         | \$ 3                 | \$ —         | \$ 5,188   |
| Amortization  | 516              | —                    | —            | 516        |
| Total assets  | 5,328,488        | 549,242              | (539,626)    | 5,338,104  |

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

|   | <b>2023</b>             |                            |                     |              |
|---|-------------------------|----------------------------|---------------------|--------------|
|   | <b>Independent Bank</b> | <b>Other<sup>(1)</sup></b> | <b>Eliminations</b> | <b>Total</b> |
|   | <b>(In thousands)</b>   |                            |                     |              |
| <b>INTEREST INCOME</b>                                |                         |                            |                     |              |
| Interest and fees on loans                            | \$ 197,489              | \$ —                       | \$ 236              | \$ 197,725   |
| Interest on securities                                | 36,523                  | —                          | —                   | 36,523       |
| Other investments                                     | 5,429                   | 1,317                      | (1,317)             | 5,429        |
| Total Interest Income                                 | 239,441                 | 1,317                      | (1,081)             | 239,677      |
| <b>INTEREST EXPENSE</b>                               |                         |                            |                     |              |
| Deposits  | 76,392                  | —                          | (1,317)             | 75,075       |
| Other borrowings and subordinated debt and debentures | 2,547                   | 5,726                      | —                   | 8,273        |
| Total Interest Expense                                | 78,939                  | 5,726                      | (1,317)             | 83,348       |
| Net Interest Income                                   | 160,502                 | (4,409)                    | 236                 | 156,329      |
| Provision for credit losses                           | 6,210                   | —                          | —                   | 6,210        |
| Net Interest Income After Provision for Credit Losses | 154,292                 | (4,409)                    | 236                 | 150,119      |
| <b>NON-INTEREST INCOME</b>                            |                         |                            |                     |              |
| Interchange income                                    | 13,996                  | —                          | —                   | 13,996       |
| Service charges on deposit accounts                   | 12,361                  | —                          | —                   | 12,361       |
| Net gains on mortgage loans                           | 7,270                   | —                          | 166                 | 7,436        |
| Mortgage loan servicing, net                          | 4,626                   | —                          | —                   | 4,626        |
| Other   | 11,867                  | 927                        | (537)               | 12,257       |
| Total Non-interest Income                             | 50,120                  | 927                        | (371)               | 50,676       |
| <b>NON-INTEREST EXPENSE</b>                           |                         |                            |                     |              |
| Compensation and employee benefits                    | 78,444                  | 609                        | (88)                | 78,965       |
| Data processing                                       | 11,790                  | 72                         | —                   | 11,862       |
| Occupancy, net  | 7,884                   | 24                         | —                   | 7,908        |
| Interchange expense                                   | 4,332                   | —                          | —                   | 4,332        |
| Furniture, fixtures and equipment                     | 3,751                   | 5                          | —                   | 3,756        |
| Advertising   | 2,156                   | 9                          | —                   | 2,165        |
| FDIC deposit insurance                                | 3,005                   | —                          | —                   | 3,005        |
| Legal and professional                                | 1,748                   | 460                        | —                   | 2,208        |
| Loan and collection                                   | 2,174                   | —                          | —                   | 2,174        |
| Communications  | 2,381                   | 25                         | —                   | 2,406        |
| Other   | 7,537                   | 801                        | —                   | 8,338        |
| Total Non-interest Expense                            | 125,202                 | 2,005                      | (88)                | 127,119      |
| Income Before Income Tax                              | 79,210                  | (5,487)                    | (47)                | 73,676       |
| Income tax expense                                    | 15,842                  | (1,223)                    | (10)                | 14,609       |
| Net Income  | \$ 63,368               | \$ (4,264)                 | \$ (37)             | \$ 59,067    |
| <b>OTHER SEGMENT DISCLOSURES</b>                      |                         |                            |                     |              |
| Depreciation  | \$ 5,178                | \$ 5                       | \$ —                | \$ 5,183     |
| Amortization  | 547                     | —                          | —                   | 547          |
| Total assets  | 5,259,523               | 493,158                    | (488,955)           | 5,263,726    |

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

### QUARTERLY FINANCIAL DATA (UNAUDITED)

A summary of selected quarterly results of operations for the years ended December 31 follows:

|                             | Three Months Ended                       |           |               |              |
|-----------------------------|--|-----------|---------------|--------------|
|                             | March 31,                                | June 30,  | September 30, | December 31, |
|                             | (In thousands, except per share amounts) |           |               |              |
| <b>2025</b>                 |  |           |               |              |
| Interest income             | \$ 66,144                                | \$ 66,878 | \$ 69,290     | \$ 67,425    |
| Net interest income         | 43,685                                   | 44,615    | 45,361        | 46,354       |
| Provision for credit losses | 721                                      | 1,500     | 1,991         | 1,923        |
| Income before income tax    | 19,126                                   | 20,678    | 21,176        | 20,311       |
| Net income                  | 15,590                                   | 16,877    | 17,502        | 18,572       |
| Net income per common share |  |           |               |              |
| Basic                       | 0.74                                     | 0.81      | 0.85          | 0.90         |
| Diluted                     | 0.74                                     | 0.81      | 0.84          | 0.89         |
| <b>2024</b>                 |  |           |               |              |
| Interest income             | \$ 65,126                                | \$ 66,338 | \$ 68,334     | \$ 66,978    |
| Net interest income         | 40,197                                   | 41,346    | 41,854        | 42,851       |
| Provision for credit losses | 744                                      | 19        | 1,488         | 2,217        |
| Income before income tax    | 19,821                                   | 23,166    | 17,291        | 22,768       |
| Net income                  | 15,991                                   | 18,528    | 13,810        | 18,461       |
| Net income per common share |  |           |               |              |
| Basic                       | 0.77                                     | 0.89      | 0.66          | 0.88         |
| Diluted                     | 0.76                                     | 0.88      | 0.65          | 0.87         |

### QUARTERLY SUMMARY (UNAUDITED)

|                | Reported Sales Prices of Common Shares |          |          |          |          |          | Cash Dividends Declared |         |
|----------------|--|----------|----------|----------|----------|----------|-------------------------|---------|
|                | 2025                                   |          |          | 2024     |          |          | 2025                    | 2024    |
|                | High                                   | Low      | Close    | High     | Low      | Close    |                         |         |
| First quarter  | \$ 37.13                               | \$ 29.75 | \$ 30.79 | \$ 27.34 | \$ 22.80 | \$ 25.35 | \$ 0.26                 | \$ 0.24 |
| Second quarter | 33.07                                  | 26.75    | 32.41    | 27.88    | 22.53    | 27.00    | 0.26                    | 0.24    |
| Third quarter  | 34.72                                  | 29.63    | 30.98    | 35.97    | 25.46    | 33.35    | 0.26                    | 0.24    |
| Fourth quarter | 35.67                                  | 29.83    | 32.53    | 40.32    | 30.95    | 34.83    | 0.26                    | 0.24    |

We have approximately 1,100 holders of record of our common stock. Our common stock trades on the NASDAQ Global Select Market System under the symbol "IBCP." The prices shown above are supplied by NASDAQ and reflect the inter-dealer prices and may not include retail markups, markdowns or commissions. There may have been transactions or quotations at higher or lower prices of which we are not aware.

In addition to limitations imposed by the provisions of the Michigan Business Corporation Act (which, among other things, limits us from paying dividends to the extent we are insolvent), our ability to pay dividends is limited by our ability to obtain funds from our Bank and by regulatory capital guidelines applicable to us (see note #20).

INDEPENDENT BANK CORPORATION

## Subsidiaries of the Registrant

|  | <u>State of Incorporation</u> |
|--|-------------------------------|
| IBC Capital Finance III<br>Grand Rapids, Michigan  | Delaware                      |
| IBC Capital Finance IV<br>Grand Rapids, Michigan   | Delaware                      |
| Midwest Guaranty Trust I<br>Grand Rapids, Michigan   | Delaware                      |
| TCSB Statutory Trust I<br>Grand Rapids, Michigan   | Delaware                      |
| Independent Bank<br>Grand Rapids, Michigan   | Michigan                      |
| IB Advisory Services, Inc. (dba IB Wealth Management),<br>Grand Rapids, Michigan<br>(a subsidiary of Independent Bank) | Michigan                      |
| Independent Title Services, Inc., Grand Rapids, Michigan<br>(a subsidiary of Independent Bank Corporation)             | Michigan                      |
| Independent Life Insurance Trust, Grand Rapids, Michigan<br>(a subsidiary of Independent Bank)                         | Michigan                      |
| Independent Community Equity, LLC, Grand Rapids, Michigan<br>(a subsidiary of Independent Bank Corporation)            | Michigan                      |
| Independent Investment Company, Grand Rapids, Michigan<br>(a subsidiary of Independent Bank)                           | Michigan                      |
| Independent Community Capital, LLC, Grand Rapids, Michigan<br>(a subsidiary of Independent Bank)                       | Michigan                      |

Note: Table excludes insignificant subsidiaries, such as single-member limited liability companies formed solely to hold other real estate.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statements (Nos. 333-89072, 333-125484, 333-189437, 333-221177, 333-222358, and 333-255976) on Form S-8 of Independent Bank Corporation of our report dated March 6, 2026 relating to the consolidated financial statements and effectiveness of internal control over financial reporting appearing in the Annual Report on Form 10-K of Independent Bank Corporation for the year ended December 31, 2025.

/s/ Crowe LLP

Grand Rapids, Michigan  
March 6, 2026

## CERTIFICATION

I, William B. Kessel, certify that:

1. I have reviewed this annual report on Form 10-K 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 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; and
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.

Date: March 6, 2026

/s/ William B. Kessel

William B. Kessel

President and Chief Executive Officer

## CERTIFICATION

I, Gavin A. Mohr, certify that:

1. I have reviewed this annual report on Form 10-K 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 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; and
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.

Date: March 6, 2026

/s/ Gavin A. Mohr

Gavin A. Mohr  
Chief Financial Officer

CERTIFICATE OF THE  
CHIEF EXECUTIVE OFFICER OF  
INDEPENDENT BANK CORPORATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

I, William B. Kessel, President and Chief Executive Officer of Independent Bank Corporation, certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) The annual report on Form 10-K for the annual period ended December 31, 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 annual report on Form 10-K for the annual period ended December 31, 2025, fairly presents, in all material respects, the financial condition and results of operations of Independent Bank Corporation.

Date: March 6, 2026

/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.

CERTIFICATE OF THE  
CHIEF FINANCIAL OFFICER OF  
INDEPENDENT BANK CORPORATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

I, Gavin A. Mohr, Chief Financial Officer of Independent Bank Corporation, certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) The annual report on Form 10-K for the annual period ended December 31, 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 annual report on Form 10-K for the annual period ended December 31, 2025, fairly presents, in all material respects, the financial condition and results of operations of Independent Bank Corporation.

Date: March 6, 2026

/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.