Huron Valley Bancorp, Inc. and Subsidiary

Consolidated Financial Report

December 31, 2024

Contents

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Independent Auditor's Report

To the Board of Directors
Huron Valley Bancorp, Inc. and Subsidiary

Opinion

We have audited the consolidated financial statements of Huron Valley Bancorp, Inc. and Subsidiary (the "Corporation"), which comprise the consolidated balance sheet as of December 31, 2024 and 2023 and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

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

To the Board of Directors
Huron Valley Bancorp, Inc. and Subsidiary

In performing audits in accordance with GAAS, we:

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

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

Plante & Moran, PLLC

January 31, 2025

Consolidated Balance Sheet

December 31, 2024 and 2023
(000s omitted, except per share data)

	2024	2023
Assets		
Cash and due from banks	$ 26,153	$ 22,791
Federal funds sold	1,200	1,110
Total cash and cash equivalents	27,353	23,901
Interest-bearing deposits in banks	-	200
Investment securities - Available for sale (Note 3)	22,301	27,268
Federal Home Loan Bank stock	237	237
Loans - Net of allowance for credit losses of $2,643 and $2,358 as of December 31, 2024 and 2023, respectively (Note 4)	186,041	174,943
Premises and equipment - Net (Note 5)	7,654	4,149
Deferred tax asset (Note 9)	677	672
Other assets	1,065	925
Total assets	**$ 245,328**	**$ 232,295**
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing	$ 82,996	$ 90,076
Interest bearing	135,808	118,618
Total deposits (Note 6)	218,804	208,694
Borrowings (Note 7)	2,025	2,025
Accrued and other liabilities	873	777
Total liabilities	221,702	211,496
Stockholders' Equity		
Common stock - No par value; 2,500,000 shares authorized at December 31, 2024 and 2023; 877,588 and 875,271 shares issued and outstanding at December 31, 2024 and 2023, respectively	8,066	7,999
Restricted stock - Unearned compensation	(19)	(18)
Retained earnings	16,606	13,827
Accumulated other comprehensive loss	(1,027)	(1,009)
Total stockholders' equity	23,626	20,799
Total liabilities and stockholders' equity	**$ 245,328**	**$ 232,295**

See notes to consolidated financial statements.

Consolidated Statement of Operations

Years Ended December 31, 2024 and 2023
(000s omitted, except per share data)

	2024	2023
Interest Income		
Loans - Including fees	$ 11,655	$ 9,182
Investment securities:		
Taxable	787	806
Tax exempt	34	35
Other	1,213	2,157
Total interest income	13,689	12,180
Interest Expense	3,888	2,968
Net Interest Income	9,801	9,212
Provision for Credit Losses (Note 4)	310	230
Net Interest Income after Provision for Credit Losses	9,491	8,982
Noninterest Income		
Service charges - Deposits	452	426
Net gain on sale of loans held for sale	23	42
Other	314	25
Total noninterest income	789	493
Noninterest Expense		
Salaries and employee benefits	4,319	3,987
Occupancy and equipment (Note 5)	465	375
Data processing (Note 10)	964	843
Other	1,015	1,079
Total noninterest expense	6,763	6,284
Income - Before income taxes	3,517	3,191
Income Tax Expense (Note 9)	738	669
Consolidated Net Income	**$ 2,779**	**$ 2,522**
Earnings per Share - Basic	$ 3.18	$ 2.89

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Years Ended December 31, 2024 and 2023

(000s omitted, except per share data)

	2024	2023
Net Income	$ 2,779	$ 2,522
Other Comprehensive (Loss) Income - Unrealized (loss) gain on securities arising during the year - Net of tax of $4 and $56 in 2024 and 2023, respectively	(18)	212
Comprehensive Income	**$ 2,761**	**$ 2,734**

Consolidated Statement of Changes in Stockholders' Equity

Years Ended December 31, 2024 and 2023

(000s omitted, except per share data)

	Common Stock	Restricted Stock - Unearned Compensation	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance - January 1, 2023	$ 7,847	$ (4)	$ 11,630	$ (1,221)	$ 18,252
Cumulative effect of change in accounting principle - Adoption of CECL adjustment - Net of tax of $63	-	-	(237)	-	(237)
Comprehensive income:					
Consolidated net income	-	-	2,522	-	2,522
Unrealized gain on securities - Net of tax of $56	-	-	-	212	212
Issuance of restricted stock (1,750 shares) (Note 12)	36	(36)	-	-	-
Recognition of compensation expense for restricted stock award (Note 12)	-	22	-	-	22
Issuance of common stock (5,317 shares)	116	-	-	-	116
Common stock dividend	-	-	(88)	-	(88)
Balance - December 31, 2023	7,999	(18)	13,827	(1,009)	20,799
Comprehensive income (loss):					
Consolidated net income	-	-	2,779	-	2,779
Unrealized loss on securities - Net of tax of $4	-	-	-	(18)	(18)
Issuance of restricted stock (667 shares) and forfeiture of restricted stock (534 shares) (Note 12)	9	(9)	-	-	-
Recognition of compensation expense for restricted stock award (Note 12)	-	8	-	-	8
Issuance of common stock (2,184 shares)	58	-	-	-	58
Balance - December 31, 2024	**$ 8,066**	**$ (19)**	**$ 16,606**	**$ (1,027)**	**$ 23,626**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Years Ended December 31, 2024 and 2023
(000s omitted, except per share data)

	2024	2023
Cash Flows from Operating Activities		
Consolidated net income	$ 2,779	$ 2,522
Adjustments to reconcile consolidated net income to net cash from operating activities:		
Depreciation	193	145
Provision for credit losses	310	230
Amortization of securities	25	31
Deferred income tax recovery	(1)	(54)
Stock-based compensation expense	66	138
Gain on sale of loans	(23)	(42)
Loans originated for sale	(1,115)	(1,426)
Proceeds from loans sold	1,138	1,468
Net change in accrued interest:		
Receivable and other assets	(140)	(229)
Payable and other liabilities	71	346
Net cash provided by operating activities	3,303	3,129
Cash Flows from Investing Activities		
Activity in available-for-sale securities:		
Maturities, prepayments, and calls	11,000	3,867
Purchases	(5,880)	(9,151)
Net increase in loans	(11,383)	(27,260)
Premises and equipment purchases	(3,698)	(106)
Net cash used in investing activities	(9,961)	(32,650)
Cash Flows from Financing Activities		
Net increase in deposits	10,110	1,055
Proceeds from borrowings	-	225
Cash dividends paid on common stock	-	(86)
Net cash provided by financing activities	10,110	1,194
Net Increase (Decrease) in Cash and Cash Equivalents	3,452	(28,327)
Cash and Cash Equivalents - Beginning of year	23,901	52,228
Cash and Cash Equivalents - End of year	**$ 27,353**	**$ 23,901**
Supplemental Cash Flow Information - Cash paid for		
Interest	$ 3,125	$ 2,663
Income taxes	790	723

See notes to consolidated financial statements.

Note 1 - Nature of Business

Huron Valley Bancorp, Inc. (the "Corporation") operates and serves customers in Oakland, Livingston, and Wayne counties. Huron Valley State Bank (the "Bank"), its wholly owned subsidiary, is engaged in the business of general commercial and retail banking. The Bank offers a variety of deposit products, including checking accounts, savings accounts, time deposits, and short-term deposits. The Bank conducts lending activities in the residential and commercial mortgage markets, general commercial market, and the consumer installment marketplace.

Note 2 - Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The consolidated financial statements include the accounts of Huron Valley Bancorp, Inc. and its wholly owned subsidiary, Huron Valley State Bank. All significant intercompany balances and transactions have been eliminated in consolidation.

Significant Group Concentrations of Credit Risk

Most of the Corporation's activities are with customers located within southeastern Michigan. Note 3 discusses the types of securities in which the Corporation invests. Note 4 discusses the types of lending in which the Corporation engages. The Corporation does not have any significant concentrations within any one industry or with any one customer.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change in the near term relates to the determination of the allowance for credit losses.

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash and balances due from banks and federal funds sold that mature within 90 days.

Interest-bearing Deposits in Banks

Interest-bearing deposits in banks mature within one year and are carried at cost.

Investments

Debt securities purchased to be held for an indefinite period of time are classified as available-for-sale securities. Available-for-sale securities are reported at fair value, with unrealized gains and temporary losses reported in other comprehensive (loss) income.

Purchase premiums and discounts are recognized in interest income using the interest method. For purchase premiums and discounts on equity securities and noncallable debt securities, the amounts are recognized into income over the term of the securities. For discounts on callable debt securities, the discount is accreted into income to the earlier of the call date or weighted-average life of the related security using the interest method.

Note 2 - Significant Accounting Policies (Continued)

The Corporation evaluates available-for-sale securities for impairment each reporting period. When evaluating available-for-sale securities for impairment, the Corporation first considers if the fair value of the security is less than its amortized cost. If the fair value is less than the amortized cost, the Corporation next evaluates whether it intends to sell, or if it is more likely than not it will be required to sell the security before it recovers its amortized cost basis. If either criteria is met, an impairment loss is recognized in earning. If neither criteria is met, the Corporation then assesses whether the decline in fair value is due to credit losses or other factors. In making this assessment, the Corporation considers any changes to the rating of the security by a rating agency and adverse conditions specifically related to the issuer of the security, among other factors. If the Corporation determines a credit loss exists, the Corporation compares the present value of the cash flows expected to be collected to the amortized cost basis. An allowance for credit losses is recognized for the amount the amortized cost basis of the security exceeds the present value of the expected future cash flows, limited by the amount of the unrealized loss on the security at that date.

Federal Home Loan Bank Stock

The Corporation, as a member of the Federal Home Loan Bank of Indianapolis (FHLB), is required to maintain an investment in the capital stock of the FHLB. No ready market exists for the stock, and it has no quoted market value. The stock is redeemable at par by the FHLB and, therefore, is carried at cost and periodically evaluated for impairment. The Corporation records dividends in income on the ex-dividend date.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized in a valuation allowance by charges to income. As of December 31, 2024 and 2023, there were no loans held for sale.

Loans

The Corporation grants mortgage, commercial, and consumer loans to customers. A substantial portion of the loan portfolio is represented by commercial and residential mortgage loans throughout southeastern Michigan. The ability of the Corporation's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for credit losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan's yield using the interest method.

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in the process of collection. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. Any interest payments received on nonaccrual loans are accounted for as a reduction to the unpaid principal balance of the nonaccrual loan for financial reporting purposes. If a loan is returned to accrual, the interest payments previously received continue to be reported as a reduction of the unpaid principal balance until the loan is paid off, at which time the interest payments are recognized in interest income.

Note 2 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, also known as current expected credit losses or CECL. ASU No. 2016-13 was issued to provide financial statement users with more useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date to enhance the decision making process. The CECL model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses for loans, held-to-maturity securities, and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. For available-for-sale securities where fair value is less than cost, credit-related impairment, if any, will be recognized in an allowance for credit losses and adjusted each period for changes in expected credit risk. This model replaces the multiple existing impairment models, which generally require that a loss be incurred before it is recognized.

The Corporation adopted ASU No. 2016-13 using the current expected credit loss (CECL) methodology for financial assets measured at amortized cost, effective January 1, 2023. The Corporation recorded a transition adjustment upon adoption of ASU No. 2016-13. The effect of adoption was a $175 increase in the allowance for credit losses (formally referred to as the allowance for loan losses), a $125 increase in the reserve for credit losses on unfunded loan commitments, a $63 increase in the deferred tax asset, and a net decrease in retained earnings of $237.

In March 2022, the FASB issued ASU No. 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. The amendments in this update eliminate the accounting guidance and related disclosures for TDRs by creditors in Subtopic 310-40, *Receivables - Troubled Debt Restructurings by Creditors*, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty within the scope of Subtopic 326-20, *Financial Instruments - Credit Losses - Measured at Amortized Cost*. The Corporation adopted the amendments in this update on January 1, 2023 and is applying the amendments prospectively with the exception of the recognition and measurement of existing TDRs for which the entity has elected to apply a modified retrospective transition method.

In March 2022, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments in this update improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The Corporation adopted the amendments in this update on December 31, 2024.

Allowance for Credit Losses

An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the loans. The Corporation collectively evaluates notes receivable to determine the allowance for credit losses based on call code. The Corporation elected not to include accrued interest receivable in the calculation of expected credit losses.

Loans that do not share similar risk characteristics with other loans are evaluated individually. When repayment of collateral is expected to be dependent on the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral as of the reporting date.

The Corporation calculates the allowance for credit losses using the Scaled CECL Allowance for Loan Losses Estimator (SCALE) method. The SCALE method uses publicly available data from Schedule RI-C of the call report to derive the initial proxy expected lifetime loss rates. These proxy expected lifetime loss rates are then adjusted for bank-specific facts and circumstances to arrive at the final allowance for credit losses estimate that adequately reflects the Corporation's loss history and credit risk within the loan portfolio.

Note 2 - Significant Accounting Policies (Continued)

Off-balance-sheet Instruments

In the ordinary course of business, the Corporation has entered into commitments under commercial letters of credit and standby letters of credit. Such financial instruments are recorded when they are funded. ASU No. 2016-13 requires reserves on loan commitments (e.g., availability on lines of credit) that are not considered unconditionally cancelable. The Corporation relies upon utilization rates to determine average funding rates for open-ended as well as closed-end lines. This utilization factor is applied to the same pools as used for outstanding loan balances. The Corporation has recorded a reserve for unfunded loan commitments of $150 and $125 in accrued and other liabilities on the consolidated balance sheet as of December 31, 2024 and 2023, respectively.

Premises and Equipment

Land and land improvements are carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation, computed on the straight-line method over the estimated useful lives of the assets.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the various temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

Earnings per Common Share

Basic earnings per share represent income available to holders of common stock divided by the weighted-average number of common shares, which includes vested restricted shares, outstanding during the period. Weighted-average common shares outstanding for the years ended December 31, 2024 and 2023 were 874,074 and 873,841, respectively.

Stock-based Compensation Plans

Under the Corporation's stock-based incentive plan, the Corporation may grant restricted stock awards or options to its employees, officers, and directors for up to 40,000 shares of common stock. The Corporation uses the fair value method to account for employee stock compensation cost. Compensation cost is measured based on the fair value of the equity instruments issued to employees. The Corporation recognizes compensation expense related to restricted stock awards over the period the services are performed. There were 667 and 1,750 restricted shares granted during 2024 and 2023, respectively. There were 534 shares forfeited during 2024. There were no shares forfeited during 2023. See Note 12 for further details.

401(k) Plan

The Corporation has a 401(k) plan in which all eligible employees can participate. Eligible employees may defer a portion of their salaries. The Corporation made matching contributions up to a maximum of 3 percent of the employees' compensation. The matching contribution equates to 50 percent of the employees' contributions up to a maximum of 6 percent of their compensation. The Corporation's contribution to the plan was $74 and $65 for the years ended December 31, 2024 and 2023, respectively.

Other Comprehensive (Loss) Income

Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Certain changes in assets and liabilities, however, such as unrealized gains and losses on available-for-sale securities, are reported as a direct adjustment to the equity section of the consolidated balance sheet. Such items, along with net income, are considered components of comprehensive income.

(000s omitted, except per share data)

Note 2 - Significant Accounting Policies (Continued)

The Corporation presents, on an annual basis, the components of net income and other comprehensive (loss) income in two separate but consecutive statements.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including January 31, 2025, which is the date the consolidated financial statements were available to be issued.

Note 3 - Securities

The details of the Corporation's investments in debt securities at December 31, 2024 and 2023 are as follows:

	2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities:				
U.S. Treasury securities	$ 8,989	$ 13	$ (1)	$ 9,001
State and municipal	2,814	-	(306)	2,508
Mortgage backed	5,987	-	(908)	5,079
Collateralized mortgage obligation	5,809	-	(96)	5,713
Total	$ 23,599	$ 13	$ (1,311)	$ 22,301

	2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities:				
U.S. Treasury securities	$ 18,956	$ 19	$ (134)	$ 18,841
State and municipal	2,861	-	(287)	2,574
Mortgage backed	6,728	-	(875)	5,853
Total	$ 28,545	$ 19	$ (1,296)	$ 27,268

(000s omitted, except per share data)

Note 3 - Securities (Continued)

At December 31, 2024, securities with a carrying value of $9,000 were pledged to secure public deposits and for other purposes required or permitted by law.

The amortized cost and fair value of investment securities by contractual maturity at December 31, 2024 are as follows:

	Amortized Cost	Fair Value
Due in one year or less	$ 8,989	$ 9,001
Due in two through five years	-	-
Due after five years through ten years	2,814	2,508
Due after ten years	-	-
Total	11,803	11,509
Mortgage-backed securities	5,987	5,079
Collateralized mortgage obligation	5,809	5,713
Total	$ 23,599	$ 22,301

There were no proceeds or realized gains or losses from the sale of securities for the years ended December 31, 2024 and 2023.

Information pertaining to investment securities with gross unrealized losses at December 31, 2024 and 2023, aggregated by investment category and length of time that individual securities have been in a continuous loss position, is as follows. There were 19 investment securities in an unrealized loss position at December 31, 2024 and 18 investment securities in an unrealized loss position at December 31, 2023.

2024	Less Than 12 Months		12 Months or Greater		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
Available-for-sale securities:						
U.S. Treasury securities	$ -	$ -	$ (1)	$ 2,996	$ (1)	$ 2,996
State and municipal	-	-	(306)	2,508	(306)	2,508
Mortgage backed	-	-	(908)	5,079	(908)	5,079
Collateralized mortgage obligation	(96)	5,713	-	-	(96)	5,713
Total	$ (96)	$ 5,713	$ (1,215)	$ 10,583	$ (1,311)	$ 16,296

2023	Less Than 12 Months		12 Months or Greater		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
Available-for-sale securities:						
U.S. Treasury securities	$ (26)	$ 5,950	$ (108)	$ 9,883	$ (134)	$ 15,833
State and municipal	-	-	(287)	2,574	(287)	2,574
Mortgage backed	-	33	(875)	5,820	(875)	5,853
Total	$ (26)	$ 5,983	$ (1,270)	$ 18,277	$ (1,296)	$ 24,260

(000s omitted, except per share data)

Note 3 - Securities (Continued)

The majority of unrealized losses on December 31, 2024 are related to mortgage-backed securities and municipal bonds. Government-sponsored enterprises, such as the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, or the Government National Mortgage Association, have an implied guarantee by the U.S. government. At December 31, 2024, all of the mortgage-backed securities held by the Bank were issued by U.S. government-sponsored entities and agencies. These losses have not been recognized into income because the issuers' bonds and mortgage-backed securities are of high credit quality; management does not intend to sell; and, at this time, it is likely that management will not be required to sell the securities prior to their maturity date.

Unrealized losses on municipal bonds have not been recognized into income because the issuers' bonds are of high credit quality, management does not intend to sell, it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The issuers continue to make timely principal and interest payments on the bonds. The fair value is expected to recover as the bonds approach maturity.

Note 4 - Loans and Allowance for Credit Losses

A summary of the balances of loans is as follows:

	2024	2023
Construction real estate	$ 2,171	$ 792
Commercial real estate	127,464	120,954
Residential real estate	38,464	35,245
Commercial	19,230	18,871
Consumer	1,355	1,439
Total loans	188,684	177,301
Less allowance for credit losses	2,643	2,358
Net loans	$ 186,041	$ 174,943

In the ordinary course of business, the Corporation has granted loans to principal officers and directors and their affiliates amounting to $4,710 and $5,006 as of years ended December 31, 2024 and 2023, respectively.

The Corporation's activity in the allowance for credit losses for the years ended December 31, 2024 and 2023, by loan segment, is summarized below:

	Year Ended December 31, 2024						
	Construction Real Estate	Commercial Real Estate	Residential Real Estate	Commercial	Consumer	Unallocated	Total
Beginning balance	$ 12	$ 1,678	$ 365	$ 251	$ 52	$ -	$ 2,358
Charge-offs	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-
Provision	24	214	45	15	(13)	-	285
Ending balance	$ 36	$ 1,892	$ 410	$ 266	$ 39	$ -	$ 2,643

(000s omitted, except per share data)

Note 4 - Loans and Allowance for Credit Losses (Continued)

	Year Ended December 31, 2023						
	Construction Real Estate	Commercial Real Estate	Residential Real Estate	Commercial	Consumer	Unallocated	Total
Beginning balance	$ 35	$ 871	$ 184	$ 256	$ 8	$ 599	$ 1,953
Cumulative effect of change in accounting principle	19	498	105	146	6	(599)	175
Recoveries	-	-	-	-	-	-	-
Provision	(42)	309	76	(151)	38	-	230
Ending balance	$ 12	$ 1,678	$ 365	$ 251	$ 52	$ -	$ 2,358

Credit Quality Disclosures

The Corporation categorized each loan into credit risk categories based on current financial information, overall debt service coverage, comparison against industry averages, collateral coverage, historical payment experience, and current economic trends. The Corporation uses the following definitions for credit risk ratings:

Pass

Credits not covered by the below definitions are pass credits, which are not considered to be adversely rated.

Acceptable/Monitored

Loans that possess some credit deficiency or potential weakness that deserves close attention but that do not yet appear to jeopardize repayment. The key distinctions of an acceptable/monitored classification are that the credit characteristics are those of a 5 rated credit that is performing, but there is an uncertain level of risk due to such factors as a lack of information about the current condition of the borrower and negative trends in financial performance/credit that could ultimately jeopardize repayment of the loan in full. Loans in this category require a more proactive stance on the part of the loan officer in order to shore up the credit's weakness and, thus, prevent the level of credit risk to increase to a point where a downgrade is required.

Other Assets Especially Mentioned

Credits that are not considered substandard but are to be on the Bank's watch list for information and attention purposes and credits that have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Other assets especially mentioned are not adversely classified and so do not expose an institution to sufficient risk to warrant adverse classification. Close supervision by the lending officer is required.

Substandard

Loans that are inadequately protected by the net worth and paying capacity of the borrower or the pledged collateral. Negative factors offset any positive factors. It is possible that the Bank will sustain some loss if the deficiencies are not corrected. Appropriate remedial plans must be implemented and the credit continuously monitored.

(000s omitted, except per share data)

Note 4 - Loans and Allowance for Credit Losses (Continued)

Doubtful

A loan classified as doubtful has all the weaknesses inherent in one classified as substandard, with the added characteristic that weaknesses make collection or liquidation in full highly unlikely. The possibility of partial loss is high; however, activity may be underway to minimize the loss or maximize the collection. Legal assistance in the collection of these credits may be necessary, and the loan officer and senior lender should consult with the Bank's attorney about collection plans.

The following tables present the amortized cost basis of loans by credit quality indicator, class of financing receivable, and year of origination for term loans:

	December 31, 2024						
	Term Loans Amortized Cost Basis by Origination Year						
	2024	2023	2022	2021	2020	Prior	Total
Construction real estate - Pass	$ 1,177	$ 994	$ -	$ -	$ -	$ -	$ 2,171
Commercial real estate:							
Pass	19,347	25,896	15,944	10,870	7,264	38,133	117,454
Acceptable/Monitored	664	132	1,010	684	736	5,538	8,764
Other assets especially mentioned	-	-	-	710	-	536	1,246
Total commercial real estate	20,011	26,028	16,954	12,264	8,000	44,207	127,464
Residential real estate:							
Pass	6,696	9,087	8,948	6,001	1,874	5,559	38,165
Acceptable/Monitored	-	-	-	84	-	40	124
Substandard	-	-	-	-	-	175	175
Total residential real estate	6,696	9,087	8,948	6,085	1,874	5,774	38,464
Commercial:							
Pass	4,435	5,545	1,366	976	1,129	4,505	17,956
Acceptable/Monitored	78	147	336	11	-	340	912
Other assets especially mentioned	-	73	-	289	-	-	362
Total commercial	4,513	5,765	1,702	1,276	1,129	4,845	19,230
Consumer:							
Pass	379	352	253	264	14	67	1,329
Substandard	-	-	-	26	-	-	26
Total consumer	379	352	253	290	14	67	1,355
Total loans	$ 32,776	$ 42,226	$ 27,857	$ 19,915	$ 11,017	$ 54,893	$ 188,684

(000s omitted, except per share data)

Note 4 - Loans and Allowance for Credit Losses (Continued)

	December 31, 2023						
	Term Loans Amortized Cost Basis by Origination Year						
	2023	2022	2021	2020	2019	Prior	Total
Construction real estate - Pass	$ 792	$ -	$ -	$ -	$ -	$ -	$ 792
Commercial real estate:							
Pass	27,345	17,409	12,961	7,562	10,971	33,766	110,014
Acceptable/Monitored	-	1,053	576	293	-	7,120	9,042
Other assets especially mentioned	-	381	757	-	642	118	1,898
Total commercial real estate	27,345	18,843	14,294	7,855	11,613	41,004	120,954
Residential real estate:							
Pass	10,472	10,234	6,230	1,160	1,649	5,460	35,205
Acceptable/Monitored	-	-	-	-	-	40	40
Total residential real estate	10,472	10,234	6,230	1,160	1,649	5,500	35,245
Commercial:							
Pass	5,439	1,336	1,214	1,367	1,099	5,265	15,720
Acceptable/Monitored	520	590	21	-	349	933	2,413
Other assets especially mentioned	91	-	359	-	-	288	738
Total commercial	6,050	1,926	1,594	1,367	1,448	6,486	18,871
Consumer - Pass	490	404	379	37	32	97	1,439
Total loans	$ 45,149	$ 31,407	$ 22,497	$ 10,419	$ 14,742	$ 53,087	$ 177,301

Age Analysis of Past-due Loans

The Corporation's age analysis of past-due loans at December 31, 2024 and 2023, by loan segment and class, is summarized below:

	December 31, 2024						
	30-59 Days Past Due	60-89 Days Past Due	90 or More Days	Total	Current	Total Loans	90 or More Days Past Due and Accruing
Construction real estate	$ -	$ -	$ -	$ -	$ 2,171	$ 2,171	$ -
Commercial real estate	-	-	-	-	127,464	127,464	-
Residential real estate	-	52	175	227	38,237	38,464	-
Commercial	-	-	-	-	19,230	19,230	-
Consumer	-	-	-	-	1,355	1,355	-
Total	$ -	$ 52	$ 175	$ 227	$ 188,457	$ 188,684	$ -

(000s omitted, except per share data)

Note 4 - Loans and Allowance for Credit Losses (Continued)

	December 31, 2023						
	30-59 Days Past Due	60-89 Days Past Due	90 or More Days	Total	Current	Total Loans	90 or More Days Past Due and Accruing
Construction real estate	$ -	$ -	$ -	$ -	$ 792	$ 792	$ -
Commercial real estate	-	-	-	-	120,954	120,954	-
Residential real estate	-	-	-	-	35,245	35,245	-
Commercial	-	-	-	-	18,871	18,871	-
Consumer	-	-	-	-	1,439	1,439	-
Total	$ -	$ -	$ -	$ -	$ 177,301	$ 177,301	$ -

The following table presents the amortized cost basis of collateral-dependent loans by collateral type and class of financing receivable as of December 31, 2024. There were no individually evaluated loans that were collateral dependent as of December 31, 2023.

	As of December 31, 2024	
	Residential Real Estate	Auto
Residential real estate	$ 175	$ -
Consumer	-	26
Total	$ 175	$ 26

Nonaccrual Loans

The Corporation had two loans on nonaccrual status at December 31, 2024 and no loans on nonaccrual status at December 31, 2023.

	2024		
	Nonaccrual Loans with No ACL	Total Nonaccrual Loans	Interest Income Recognized During the Period on Nonaccrual Loans
Residential real estate	$ 175	$ 175	$ -
Consumer	26	26	-
Total	$ 201	$ 201	$ -

Modifications

The Corporation may modify loans to borrowers experiencing financial difficulty by providing modifications to repayment terms, or more specifically, modifications to loan interest rates. Management performs an analysis at the time of loan modification. Any reserve required is recorded through a provision to the allowance for credit losses on loans. There were no modifications on loans to borrowers experiencing financial difficulty during the years ended December 31, 2024 and 2023.

(000s omitted, except per share data)

Note 5 - Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment is as follows:

	2024	2023
Land	$ 3,565	$ 2,665
Land improvements	81	81
Buildings and building improvements	4,513	1,810
Furniture, fixtures, and equipment	1,429	1,337
Vehicles	19	19
Construction in progress	3	-
Total cost	9,610	5,912
Accumulated depreciation	(1,956)	(1,763)
Net premises and equipment	$ 7,654	$ 4,149

Depreciation expense for 2024 and 2023 totaled approximately $193 and $145, respectively.

Note 6 - Deposits

The following is a summary of the distribution of deposits at December 31, 2024 and 2023:

	2024	2023
Non-interest-bearing deposits	$ 82,996	$ 90,076
NOW accounts	3,118	2,576
Savings and money market accounts	83,842	78,033
Time deposits:		
Under $250,000	25,277	20,227
$250,000 and over	23,571	17,782
Total	$ 218,804	$ 208,694

At December 31, 2024, the scheduled maturities of time deposits are as follows:

Years Ending	Amount
2025	$ 44,580
2026	1,094
2027	3,010
2028	164
Total	$ 48,848

As of December 31, 2024 and 2023, deposit balances from officers and directors of the Corporation totaled approximately $6,681 and $3,905, respectively.

(000s omitted, except per share data)

Note 7 - Borrowings

On December 16, 2022, the Corporation entered into 13 debt agreements with 13 accredited investors in the total amount of $1,800. The terms of the agreements require interest-only payments until maturity. All remaining payments on debt agreements are due during 2025. These notes have interest rates of 5.00 percent and are collateralized by 820,000 shares of bank stock. On December 16, 2022, the Corporation entered into 2 debt agreements with 2 accredited investors for a total of $225. These loans were not funded until 2023, and the terms of the agreement require interest-only payments until maturity. All remaining payments on the debt agreements are due during 2025. These notes have interest rates of 5.00 percent. As of December 31, 2024 and 2023, there are 15 debt agreements outstanding for a total of $2,025, with interest rates of 5.00 percent.

Of the total debt agreements outstanding at December 31, 2024 and 2023, $1,075 is due to directors, officers, or shareholders of the Corporation.

Note 8 - Off-balance-sheet Activities

Credit-related Financial Instruments

The Corporation is a party to credit-related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit, and commercial letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheet.

The Corporation's exposure to credit loss is represented by the contractual amount of these commitments. The Corporation follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

Contract Amounts

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

	2024	2023
Commitments to extend credit	$ 6,803	$ 7,500
Unfunded commitments under lines of credit	9,019	9,081
Undisbursed loan funds	17,262	14,544

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

Unfunded commitments under commercial lines of credit, revolving credit lines, and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are collateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Corporation is committed.

(000s omitted, except per share data)

Note 8 - Off-balance-sheet Activities (Continued)

Collateral Requirements

To reduce credit risk related to the use of credit-related financial instruments, the Corporation might deem it necessary to obtain collateral. The amount and nature of the collateral obtained are based on the Corporation's credit evaluation of the customer. Collateral held varies but may include cash, securities, accounts receivable, inventory, property, plant, equipment, and real estate.

If the counterparty does not have the right and ability to redeem the collateral or the Corporation is permitted to sell or repledge the collateral on short notice, the Corporation records the collateral in its consolidated balance sheet at fair value with a corresponding obligation to return it.

Note 9 - Income Taxes

The components of the income tax provision included in the consolidated statement of operations are all attributable to continuing operations and are detailed as follows:

	2024	2023
Current income tax expense	$ 739	$ 721
Deferred income tax recovery	(1)	(52)
Total income tax expense	$ 738	$ 669

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal rate to income before taxes is as follows:

	2024	2023
Income tax expense - Computed at 21 percent of pretax income	$ 739	$ 670
Effect of nondeductible expenses	8	9
Effect of nontaxable income	(7)	(7)
Other	(2)	(3)
Total provision for income taxes	$ 738	$ 669

The details of the net deferred tax asset are as follows:

	2024	2023
Deferred tax assets:		
Allowance for credit losses	$ 563	$ 472
Nonaccrual loan interest	2	-
Net unrealized loss on securities available for sale	272	268
Other	16	33
Total deferred tax assets	853	773
Deferred tax liabilities:		
Depreciation	(87)	(92)
Deferred loan costs	-	(3)
Other	(89)	(6)
Total deferred tax liabilities	(176)	(101)
Net deferred tax asset	$ 677	$ 672

(000s omitted, except per share data)

Note 10 - Commitments

The Corporation is party to service contracts for computer processing. Total expense for service contracts was $436 and $384 for the years ended December 31, 2024 and 2023, respectively.

Commitments under noncancelable service contracts are as follows, before considering renewal options that are generally present:

Years Ending	Amount
2025	$ 384
2026	384
2027	226
Total	$ 994

Note 11 - Minimum Regulatory Capital Requirements

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance-sheet items, as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the following table) of total, common, and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to average assets (as defined). Management believes that, as of December 31, 2024 and 2023, the Bank met all capital adequacy requirements to which it is subject.

As of December 31, 2024, the most recent notification from the Bank's primary regulator categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum total risk-based, common equity Tier 1 risk-based, Tier 1 risk-based, and Tier 1 leverage ratios, as set forth in the following table. This table does not include the 2.5 percent capital conservation buffer requirement. A bank with a capital conservation buffer greater than 2.5 percent of risk-weighted assets would not be restricted by payout limitations. However, if the 2.5 percent threshold is not met, the Bank would be subject to increasing limitations on capital distributions and discretionary bonus payments to executive officers as the capital conservation buffer approaches zero. There are no conditions or events since the notification that management believes changed the Bank's category. The Bank's actual capital amounts and ratios as of December 31, 2024 and 2023 are also presented in the table.

(000s omitted, except per share data)

Note 11 - Minimum Regulatory Capital Requirements (Continued)

	Actual		For Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2024						
Common equity Tier 1 capital (to risk-weighted assets)	$ 26,709	13.25 %	$ 9,067	4.50 %	$ 13,096	6.50 %
Total risk-based capital (to risk-weighted assets)	29,229	14.51	16,118	8.00	20,148	10.00
Tier 1 capital (to risk-weighted assets)	26,709	13.25	12,089	6.00	16,118	8.00
Tier 1 capital (to average assets)	26,709	10.61	10,065	4.00	12,581	5.00
As of December 31, 2023						
Common equity Tier 1 capital (to risk-weighted assets)	23,943	13.72	7,852	4.50	11,342	6.50
Total risk-based capital (to risk-weighted assets)	26,126	14.97	13,960	8.00	17,450	10.00
Tier 1 capital (to risk-weighted assets)	23,943	13.72	10,470	6.00	13,960	8.00
Tier 1 capital (to average assets)	23,943	10.11	9,464	4.00	11,830	5.00

Note 12 - Stock-based Compensation

The Huron Valley Bancorp, Inc. Stock Compensation Plan (the "Plan"), which was approved by the board of directors in February 2015, permits the grant of options and stock awards to employees, officers, and directors for up to 40,000 shares of common stock, of which 16,413 and 16,546 shares of common stock are available for grant at December 31, 2024 and 2023, respectively. No options were granted from the Plan during 2024 or 2023. There were 667 restricted shares, amounting to $11, granted and 534 restricted shares, amounting to $20, forfeited in 2024 and 1,750 restricted shares granted in 2023. All restricted stock shares are subject to vesting provisions included in each restricted stock agreement. There were 22,286 and 21,704 vested shares at December 31, 2024 and 2023, respectively.

A summary of nonvested shares under the Plan for the years ended December 31, 2024 and 2023 is presented below:

Nonvested at January 1, 2023	666
Granted	1,750
Vested	(666)
Nonvested at December 31, 2023	1,750
Nonvested at January 1, 2024	1,750
Granted	667
Vested	(582)
Forfeited	(534)
Nonvested at December 31, 2024	1,301

The total compensation cost charged to income under the Plan was $8 and $22 for 2024 and 2023, respectively. As of December 31, 2024, there was $20 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a weighted-average period of two years.

Note 13 - Restrictions on Dividends, Loans, and Advances

Banking regulations place certain restrictions on dividends paid and loans or advances made by the Bank to the Corporation. The total amount of dividends that may be paid at any date is generally limited to the retained earnings of the Bank. Prior approval of the Bank's state regulator is required if the total dividends declared by the Bank in a calendar year exceed the sum of the net profits of the Bank for the preceding three years, less any required transfers to surplus. Dividends paid by the Bank would be prohibited if the effect thereof would cause the Bank's capital to be reduced below applicable minimum standards.

Loans or advances made by the Bank to the Corporation are generally limited to 10 percent of the Bank's capital stock and surplus.

Note 14 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Corporation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Corporation’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The fair value of available-for-sale securities at December 31, 2024 and 2023 was determined primarily based on Level 2 inputs. The Corporation estimates the fair value of these investments through matrix pricing using various assumptions to determine the fair value.

The Corporation had no securities classified as Level 3 at December 31, 2024 or 2023.

(000s omitted, except per share data)

Note 14 - Fair Value Measurements (Continued)

The following tables present information about the Corporation's assets measured at fair value on a recurring basis at December 31, 2024 and 2023 and the valuation techniques used by the Corporation to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2024
Assets - Available-for-sale debt securities				
U.S. Treasury securities	$ -	$ 9,001	$ -	$ 9,001
State and municipal	-	2,508	-	2,508
Mortgage backed	-	5,079	-	5,079
Collateralized mortgage obligation	-	5,713	-	5,713
Total assets	$ -	$ 22,301	$ -	$ 22,301

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2023
Assets - Available-for-sale debt securities				
U.S. Treasury securities	$ -	$ 18,841	$ -	$ 18,841
State and municipal	-	2,574	-	2,574
Mortgage backed	-	5,853	-	5,853
Total assets	$ -	$ 27,268	$ -	$ 27,268

The Corporation also has assets that, under certain conditions, are subject to measurement at fair value on a nonrecurring basis. These assets include individually evaluated loans that are collateral dependent. The Corporation estimates the fair values of these assets based primarily on Level 3 inputs, which include the present value of expected future cash flows using management's best estimate of key assumptions. These assumptions include related to cash flow projections, discount rates, and recent comparable sales. The numerical range of unobservable inputs for these valuation assumptions is not meaningful. There were no individually evaluated loans that are collateral dependent as of December 31, 2023.

	Assets Measured at Fair Value on a Nonrecurring Basis at December 31, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2024
Individually evaluated loans	$ -	$ -	$ 201	$ 201

Note 15 - Fair Value of Financial Instruments

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices; however, in many instances, there are no quoted market prices for the Corporation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Fair value accounting standards exclude certain financial instruments and all nonfinancial instruments from their disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Corporation.

A summary of the methods and significant assumptions used to estimate the fair values of financial instruments is as follows:

Cash and Cash Equivalents, Certificates of Deposit

The carrying amounts approximate fair values.

Investment Securities

Fair values of securities are based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. The carrying value of Federal Home Loan Bank stock approximates fair value based on the redemption provisions of the issuers.

Loans Held for Sale

Fair values of loans held for sale are based on commitments on hand from investors or prevailing market prices.

Loans

For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. Fair values for other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values of nonperforming loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

Deposits

The fair values disclosed for demand deposits are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Borrowings

Due to the short-term nature of outstanding borrowings, the Corporation has determined the carrying amounts of borrowings approximate fair value.

Accrued Interest

The carrying amounts of accrued interest approximate fair value.

(000s omitted, except per share data)

Note 15 - Fair Value of Financial Instruments (Continued)

Other Financial Instruments

The fair value of other financial instruments, including loan commitments and unfunded letters of credit, based on discounted cash flow analyses, is not material.

The carrying amounts and fair values of financial instruments are as follows:

	2024		2023	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial Assets				
Cash and equivalents	$ 27,353	$ 27,353	$ 23,901	$ 23,901
Interest-bearing deposits in banks	-	-	200	200
Securities available for sale	22,301	22,301	27,268	27,268
Federal Home Loan Bank stock	237	237	237	237
Loans - Net	186,041	182,250	174,943	169,744
Accrued interest receivable	782	782	709	709
Financial Liabilities				
Deposits	218,804	200,985	208,694	187,012
Borrowings	2,025	2,025	2,025	2,025
Accrued interest payable	493	493	270	270

Note 16 - Segment Information

The Corporation's reportable segment is determined by the president and chief executive officer, who is the designated chief operating decision maker, based upon information provided about the Corporation’s products and services offered, 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, such as subsidiary bank branches, which are then aggregated if operating performance, products and services, and customers are similar. The chief operating decision maker will evaluate the financial performance of the Corporation’s business components, such as by evaluating revenue streams, significant expenses, and budget to actual results in assessing the Corporation’s 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, as presented on the accompanying consolidated statement of operations, to benchmark the Corporation against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessment performance and in establishing compensation. Loans, investments, and deposits, as presented on the accompanying consolidated balance sheet, provide the revenue in the banking operation. Interest expense, provisions for credit losses, and payroll, as presented on the accompanying consolidated statement of operations, provide the significant expenses in the banking operation.