125 YEARS of making a difference
WEST SHORE BANK
1898 - 2023

2023 ANNUAL REPORT

Community Banking For Generations

WEST SHORE BANK
CORPORATION

2023 ANNUAL REPORT

Contents

CORE VALUES	2
MISSION	3
FINANCIAL HIGHLIGHTS	5
PRESIDENT'S LETTER	6
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Balance Sheets	10
Consolidated Statements of Income	11
Consolidated Statements of Comprehensive Income (Loss)	12
Consolidated Statements of Changes in Stockholders' Equity	13
Consolidated Statements of Cash Flows	14
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	15
INDEPENDENT AUDITOR'S REPORT	56
BOARD OF DIRECTORS AND OFFICERS	58
OFFICE LOCATIONS	60

At West Shore Bank, we truly believe taking care of our customers, associates and communities is the best way to deliver sustainable results and optimize value to all stakeholders.

We **serve** with purpose.

We **collaborate** for customer success.

We **communicate** honestly and respectfully.

We hold ourselves **accountable**.

We **inspire** transformational leaders.

We **empower** to succeed.

We make it **better**.

We **overcome** obstacles.

We **execute** daily.

We deliver supreme **satisfaction**.

OUR CORE VALUES
SHOULD NEVER CHANGE.

OUR MISSION

Our Promise to Customers, Shareholders and Employees

We will be the preferred trusted financial institution in the markets we serve; providing local expertise, superior service, and innovative solutions to ensure our customers and communities achieve financial wellness and success.

Commitment

We are committed to the communities we serve by way of providing employment, supporting community projects and events and being a responsible corporate citizen.

We are committed to our customers by providing quality products and services at a fair price, local decision-making, and superior customer service.

We are committed to our employees by providing a work environment that encourages individual initiative, promotes personal growth, and assures every employee will be treated with dignity and respect.

We are committed to our shareholders by striving to constantly maximize shareholder value.

Integrity

We will treat everyone in an equitable and consistent manner.

We will protect and safeguard all customer information.

We will create an environment that earns and maintains customer trust.

Financial Responsibility

We will aspire to consistently achieve reasonable growth and profitability.

We will manage in a fashion which promotes sound financial principles.

Independence

We believe we can best meet the needs of the communities we serve, our customers, employees and shareholders by remaining an independent community bank.

MAKING A DIFFERENCE

Last year, West Shore Bank financially supported more than 100 local organizations, including non-profits, cultural arts, health and human services, and educational programs - donating over $239,000. Our employees also volunteered over 2,300 hours to support many local events in our communities.

"Since 1898 West Shore Bank has helped families and businesses in our local communities in countless ways. While the bank has changed over the years through growth, bank acquisitions, a name change, and rebranding our commitment to you hasn't. We remain vigilant in maintaining our independence and believe building stronger communities where we live, and work is core to who we are and our customer's success."

Raymond A. Biggs, President and CEO of West Shore Bank

Scan the QR code to watch the "Welcome to West Shore Bank" video.

FINANCIAL HIGHLIGHTS

As of and for the periods ended December 31, 2019 through 2023

FOR THE YEAR ENDED *(in thousands of dollars)*	2019	2020	2021	2022	**2023**
Net Interest Income	$15,929	$17,167	$18,486	$21,885	**$22,324**
Provision for Loan Losses	0	1,800	440	255	**183**
Other Income	5,616	9,222	7,681	4,779	**4,505**
Other Expenses	17,742	20,398	20,477	22,101	**21,894**
Net Income	3,530	3,773	4,607	3,844	**4,414**

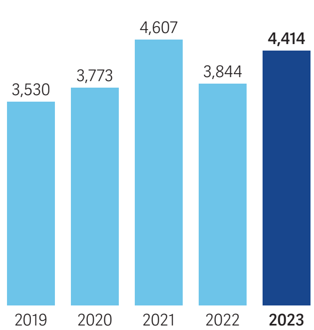
PER SHARE INFORMATION					
Basic Earnings	$2.67	$2.87	$3.52	$3.03	**$3.53**
Stockholders' Equity	33.22	35.70	36.95	29.29	**33.81**

AT YEAR END *(in thousands of dollars)*					
Investment Securities	$70,430	$97,672	$160,385	$158,928	**$136,363**
Gross Loans	347,902	370,601	371,423	448,161	**497,116**
Deposits	374,089	479,831	576,089	557,985	**586,634**
Stockholders' Equity	43,993	46,977	47,868	36,776	**41,728**
Total Assets	462,409	557,692	708,273	685,738	**721,041**

RATIOS					
Return on Average Assets	0.77%	0.74%	0.71%	0.55%	**0.62%**
Return on Average Stockholders' Equity	8.31%	8.19%	9.59%	10.20%	**11.24%**
Net Interest Margin (Bank)	3.81%	3.67%	3.21%	3.54%	**3.27%**
Stockholders' Equity as a Percentage of Assets	9.51%	8.42%	6.75%	5.36%	**5.78%**

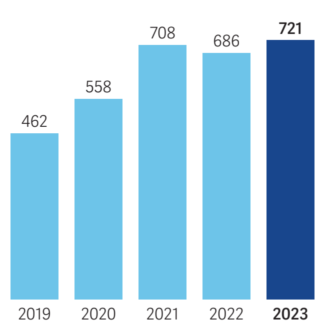
NET INCOME

(in thousands of dollars)



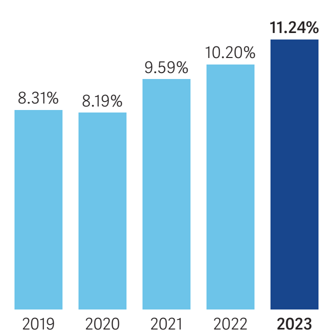
TOTAL ASSETS

(in millions of dollars)



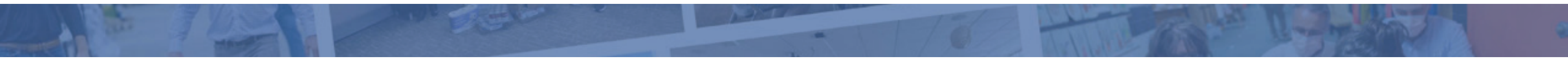
RETURN ON STOCKHOLDERS' EQUITY

(percentages)



PRESIDENT'S LETTER

To Our Shareholders



Earnings:

For the year, West Shore reported net income of $4.4 million or $3.53 per share. This compares to $3.8 million or $3.03 per share in 2022. Our operating results for 2023 are reflective of strong growth in interest-earning assets and higher net interest margin, offset by a decline in mortgage banking revenues. Both items are consistent with the current economic climate and increasing interest rates throughout 2023.

Balance Sheet & Credit Quality:

Total assets increased to $721.0 million, up from $685.7 at the end of 2022. The current balance sheet reflects a higher level of loans, and a slightly lower level of cash as a percentage of assets, as the Bank continued to deploy liquidity during 2023. Gross loans increased $49.1 million over year-end 2022, which represents an annual growth rate of 11.1%. That growth was predominantly within our commercial and mortgage loan portfolios. Total deposits increased by 5.13%, this was driven by an increase in Time Deposits.

Despite the economic challenges, the Bank's credit quality continues to remain extremely strong. Nonperforming assets represent .10% of total Bank assets on December 31, 2023. This is down from .32% on December 31, 2022. Our allowance for credit losses was $5.4 million, or 1.09% of gross loans, on December 31, 2023.

Capital and Shareholder Returns:

The Bank remains above well-capitalized, with a Total Risk-based capital ratio of 12.35% and Tier 1 Leverage capital ratio of 8.39% as of December 31, 2023. We continue to focus on prudent capital stewardship and generating strong shareholder returns over time. During 2023, West Shore paid common dividends of $1.1 million, or $.88 per share, which equates to a dividend yield of 3.64%.

Book value per share was $33.81 on December 31, 2023, an increase from $29.29 per share on December 31, 2022.

For 2023 we delivered solid shareholder returns, with a 11.24% return on average equity for the year.

2023 and Beyond:

Our performance is reflective of the strength of our community-forward business model and the value of our Bank franchise. The benefits from the investments that we have made in higher-growth markets, customer service initiatives, and digital delivery channels continue to pay off. The majority of the bank's growth has been in the Muskegon and Traverse City markets with most of the growth coming from commercial loans, as mentioned previously.

During this time interest rates rose very quickly resulting in increased deposit costs and interest expenses. We were also able to maintain the net interest margin during this same period. The net interest margin was 3.54% for the period ending December 2022 versus 3.27% for the period ending December 2023. We do anticipate continued margin pressure as we move forward in 2024. We anticipate deposit costs and expenses to continue to rise while loan yields will remain steady throughout 2024, if not decreasing.

In the past 24 months we have seen unprecedented volatility in interest rates. To combat rising inflation the Federal Reserve raised interest rates eleven times since March of 2022 with the last increase in July of 2023. This was in response to inflationary pressures primarily stemming from the increase in money supply from COVID-related relief measures.

I am proud of the bank's staff and their ability to adapt to a rapidly changing interest rate environment. The Federal Reserve has signaled the likelihood exists for interest rate decreases at some point in 2024. As a result, we do anticipate ongoing interest rate volatility in both deposit and loan rates.

Adapting to digital transformation became a crucial strategy in 2023. This included substantial investments in technology infrastructure and cybersecurity to meet the changing customer expectations. We think it is of paramount importance to continue to be more than average relevant for our customers by investing in all channels of banking. This includes more investment in digital channels such as our mobile banking application, online banking, and other digital tools for our customers. Simultaneously, we will continue to invest in cybersecurity protection for our customers. Additionally, we continue to monitor the impact of Artificial Intelligence (AI) on banking and while we anticipate some level of efficiency to be gained by the banking sector, we also anticipate new risks to our customers.

Our financial results in 2023 reflect the benefit of interest rates increasing, and the bank's continued commitment to our strategic initiatives of growing revenues and improving organizational efficiency. I am extremely proud of our West Shore Bank associates, who continue to demonstrate an unwavering passion for helping our customers. The bank's mission is "Making a Real Difference" and I feel this with every one of our employees and this allows us to support our communities and assist our clients in navigating a challenging environment in the coming year.

MAKING A DIFFERENCE SINCE 1898

Celebrating our 125th anniversary is a testament to the enduring strength and resilience of our community bank. Over more than a century, we have stood as a financial cornerstone, adapting to evolving economic landscapes and consistently prioritizing the needs of our customers. This milestone is not just about longevity; it signifies the deep-rooted relationships we've cultivated, and the trust instilled in us by generations of customers.

(Continued)

Our commitment to fostering community growth, supporting small businesses, and empowering individuals has been unwavering. As we commemorate this significant anniversary, we reflect on the vital role we play in building strong, connected communities. It is a moment to honor our history, embrace the present, and chart a course for the future ensuring that for the next 125 years, we continue to be the reliable bedrock of financial stability for our customers, communities, shareholders, and employees.

As we reflect on the past year, I am immensely proud to share the impact the Bank and its staff collectively achieved. In 2023, West Shore Bank donated $239,331 to over 100 organizations and events. Our teams' tireless volunteer efforts, of more than 2300 hours, have been the driving force behind our endeavor to make a meaningful difference in the lives of those in need. Our shared commitment to creating positive change has not only affected individual lives but has also contributed to the betterment of the communities we serve. Some of these efforts include:

- West Shore Bank's 11th annual Rhythm and Dunes fundraiser concert series raising $16,000, totaling $116,750 since inception, for local school band programs.
- The 15th annual Spirit of Giving campaign which gathered $8,369.03 and thousands of items including food, clothing and household items helping families and individuals in Benzie, Grand Traverses, Mason, Manistee, Muskegon, and Oceana Counties.
- Hosted 77 in-kind events for over 50 organizations and non-profits in the community engagement room at our Traverse City location. This donation of our space helped these organizations orchestrate training, share inspiration, and create innovation for their community initiatives supporting economic vitality.
- Partnered with the Ludington Police Department for their annual fundraisers (Shop with a Cop Pie Raffle and Pig Auction); in partnership with the Police Department, $7,450 was raised to help provide holiday gifts and food for community families in need.
- Our annual employee campaign to support the United Way of the Lakeshore raised $7,390.50 with an additional bank donation of $5,400 totaling $12,790.50 to provide education, health, and financial stability within our communities.

In 2023, West Shore Bank remained committed to helping people and businesses within its footprint improve their financial well-being through our financial literacy efforts. These include:

- Sponsoring the Dave Ramsey Foundations in Personal Finance curriculum for high school students in Traverse City, Custer, Ludington, Manistee, Montague, and Shelby. Impacting 1500 students.
- Supporting the KickStart to Career Program, donating $10.00 to each student that enrolls in a kindergarten class (public and parochial) reaching approximately 300 students.
- Hosting workshops designed to educate community members on safe banking and helping them avoid falling victim to financial scams. For small business owners, we provided a straight-talk introduction to solid financial statement reporting, capital access, cashflow forecasting, and Key Performance Indicators.
- Partnering with programs that create awareness and education for customers and followers on important financial decisions, forward-thinking solutions, and fraud.

It is because of our passion and commitment to financial literacy and community; West Shore Bank was named "Business of the Year" by the Chamber Alliance of Mason County and received the Manistee News Advocate Readers' Choice Award for Best Bank in Manistee County.

INVESTING IN PEOPLE

We've continued to invest in cultivating and sustaining a strong culture throughout the organization. This investment attracts talent, provides organizational alignment, and creates a more resilient and successful workforce. This past year, we've welcomed the following new Officers to the team:

Daniel J. Stahl, SVP Credit Officer, Traverse City – Dan joins West Shore Bank after 23 years with Traverse City State Bank as one of the twelve founding employees in 2000. He served as their Chief Credit Officer for nine years and helped grow the bank from $160 to $305 Million.

Tyler T. Tuma, VP Controller, Traverse City – Tyler joins West Shore Bank with 12 years of prior community banking experience, most recently as a Senior Finance and accounting Analyst with Northstar Financial Group in Wyoming, Michigan.

SHAREHOLDER NEWS:

West Shore Bank continues to provide a variety of services to our shareholders. Registered shareholders can utilize the Dividend Reinvestment and Stock Purchase Plan. The Stock Purchase Plan allows shareholders who participate in the Dividend Reinvestment Plan to deposit up to $1,000 per quarter to their accounts to purchase additional stock. Our in-house Trade Desk is a no-cost added benefit to our registered shareholders. The main function of the Trade Desk is to help facilitate the sale and purchase of West Shore Bank Corporation stock. Other services include access to online account information, address and name changes, direct deposit of your dividend checks, and personalized service through our Shareholder Relations Officer.

We've put tools in place to make sure our shareholders stay informed about important Bank news. Our quarterly shareholder newsletter provides pertinent information about financial performance, new products and services and a listing of our officers, location and contact information. The new Investor Relations landing page, on the Bank's website under Resources, includes a comprehensive snapshot of information on the Corporation's stock performance, dividends, updated financials, shareholder services we offer and more. Visit www.westshorebank.com to learn more.

On behalf of the Board of Directors, Senior Management, and myself, I would like to thank you for being a shareholder. Our investors allow West Shore Bank to remain a strong financial partner for our customers and communities for generations to come. We look forward to seeing you at our Annual Shareholder Meeting on May 9, 2024.

Sincerely,

Raymond A. Biggs

Raymond A. Biggs
President & Chief Executive Officer

WEST SHORE BANK CORPORATION
CONSOLIDATED BALANCE SHEETS
December 31, 2023, and 2022
(Dollar amounts in thousands)

	2023	2022
ASSETS		
Cash and due from banks	$ 41,340	$ 31,025
Total cash and cash equivalents	41,340	31,025
Securities available for sale, at fair value	136,363	158,928
Loans held for sale	340	1,022
Loans – (net of allowance for credit losses of $5,423 and $5,218)	491,693	441,921
Loan servicing rights - net	2,812	2,949
Premises and equipment - net	25,157	25,870
Bank owned life insurance	9,966	9,727
Federal Home Loan Bank stock, at cost	2,622	2,100
Goodwill	1,841	1,841
Accrued interest receivable and other assets	8,907	10,355
Total assets	$ 721,041	$ 685,738
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Noninterest-bearing demand deposits	$ 120,793	$ 135,285
Interest-bearing demand deposits	119,234	148,715
Savings deposits	195,013	208,213
Time deposits	151,594	65,772
Total deposits	586,634	557,985
Repurchase agreements	31,194	26,609
Subordinated debt: $20,000 face amount (less debt issuance costs of $377 and $425 at December 31, 2023, and 2022)	19,623	19,575
Federal Home Loan Bank advances	5,000	39,000
Federal Reserve Bank Term Funding advances	30,000	-
Accrued interest payable and other liabilities	6,862	5,793
Total liabilities	679,313	648,962
Stockholders' equity		
Common stock: 7,000,000 no par value shares authorized; 1,232,558 and 1,255,536 shares issued and outstanding at December 31, 2023, and 2022	1,232	1,255
Retained earnings	51,371	48,618
Accumulated other comprehensive loss	(10,875)	(13,097)
Total stockholders' equity	41,728	36,776
Total liabilities and stockholders' equity	$ 721,041	$ 685,738

See Accompanying Notes.

WEST SHORE BANK CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2023, and 2022

(Dollar amounts in thousands except per share data)

	2023	2022
Interest income		
Loans, including fees	$ 28,690	$ 20,291
Taxable securities	2,007	2,063
Tax exempt securities	411	527
Other	1,257	719
	32,365	23,600
Interest expense		
Deposits	6,650	735
Repurchase Agreements	423	56
Federal Home Loan Bank Advances	1,104	200
Federal Reserve Bank Term Funding Advances	1,131	-
Subordinated debt	731	723
Other	2	1
	10,041	1,715
Net interest income	22,324	21,885
Provision for credit losses - loans	183	255
Net interest income after provision for credit losses	22,141	21,630
Other income		
Service charges on deposit accounts	437	537
Trust and wealth management fees	1,139	1,007
Interchange income	1,129	1,060
Loss on sales and calls of securities	(333)	(2)
Net loss on other real estate	(11)	(36)
Gain on sales of premises and equipment	19	1
Mortgage banking revenue	1,230	1,559
Other	895	653
	4,505	4,779
Other expenses		
Salaries and employee benefits	12,145	11,430
Depreciation	1,499	1,433
Occupancy	1,227	1,331
Equipment and maintenance	1,306	1,455
Data processing	1,313	1,132
Director fees	319	268
Marketing	343	271
Stationery and supplies	149	183
Professional fees	555	754
FDIC insurance	463	386
Other	2,575	3,458
	21,894	22,101
Income before income tax	4,752	4,308
Income tax expense	338	464
Net income	$ 4,414	$ 3,844
Basic earnings per share	$ 3.53	$ 3.03

WEST SHORE BANK CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Years ended December 31, 2023 and 2022
(Dollar amounts in thousands)

	2023	2022
Net income	$ 4,414	$ 3,844
Other comprehensive income (loss):		
Unrealized gains/losses on securities:		
Unrealized holding gain (loss) arising during the period	2,411	(16,116)
Reclassification adjustment for losses included in net income (A)	333	2
Tax effect (C)	(577)	3,384
Net of tax	2,167	(12,730)
Post-retirement obligation:		
Reclassification adjustment for gains (losses) recognized during the period (B)	(20)	13
Change in post-retirement obligation	90	190
Tax effect (C)	(15)	(42)
Net of tax	55	161
Total other comprehensive income (loss)	2,222	(12,569)
Comprehensive income (loss)	$ 6,636	$ (8,725)

A. Reclassification adjustment included in loss on sales and calls of securities.
B. Reclassification adjustment included in salaries and employee benefits.
C. Income tax benefit in 2023 and 2022 includes $(4) and $3 related to reclassification adjustments.

See Accompanying Notes.

WEST SHORE BANK CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years ended December 31, 2023 and 2022

(Dollar amounts in thousands except per share data)

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance, January 1, 2022	$ 1,295	$47,101	$ (528)	$47,868
Net income	-	3,844	-	3,844
Other comprehensive loss	-	-	(12,569)	(12,569)
Issuance of stock (158 shares)	-	5	-	5
Repurchase of stock (40,065 shares)	(40)	(1,223)	-	(1,263)
Cash dividends ($.88 per share)	-	(1,109)	-	(1,109)
Balance, December 31, 2022	1,255	48,618	(13,097)	36,776
Net income	-	4,414	-	4,414
Other comprehensive income	-	-	2,222	2,222
Issuance of stock (630 shares)	1	19	-	20
Repurchase of stock (23,737 shares)	(24)	(581)	-	(605)
Cash dividends ($.88 per share)	-	(1,099)	-	(1,099)
Balance, December 31, 2023	$ 1,232	$ 51,371	$ (10,875)	$ 41,728

WEST SHORE BANK CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2023 and 2022

(Dollar amounts in thousands)

	2023	2022
Cash flows from operating activities		
Net income	$ 4,414	$ 3,844
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	1,547	1,461
Net amortization of securities	822	1,024
Amortization of loan servicing rights	542	567
Provision for credit losses - loans	183	255
Mortgage loans originated for sale	(32,874)	(39,847)
Proceeds from mortgage loans sold	34,102	44,194
Gain on sale of mortgage loans	(546)	(820)
Capitalized loan servicing rights	(405)	(512)
Loss on sales and calls of securities	333	2
Loss on sales of other real estate	7	17
Gain on sales of premises and equipment	(19)	(1)
Earnings on bank owned life insurance	(239)	(230)
Net change in accrued interest receivable and other assets	(703)	351
Net change in accrued interest payable and other liabilities	1,124	(1,684)
Net cash from operating activities	8,288	8,621
Cash flows from investing activities		
Securities available for sale:		
Proceeds from sale	10,231	47
Proceeds from principal pay-downs, calls and maturities	14,422	13,777
Purchases	(500)	(29,507)
Purchase of Federal Home Loan Bank Stock	(522)	(460)
Proceeds from Federal Home Loan Bank Stock	-	228
Proceeds from sale of other real estate	1,795	77
Proceeds from sale of premises and equipment	19	59
Net change in loans	(50,295)	(82,216)
Premises and equipment expenditures	(675)	(2,185)
Net cash for investing activities	(25,523)	(100,180)
Cash flows from financing activities		
Net change in deposits	28,649	(18,104)
Net change in repurchase agreements	4,585	(30,522)
Proceeds from Federal Reserve Band Term Funding Advances	30,000	-
Proceeds from Federal Home Loan Bank advances	435,000	216,100
Repayment of Federal Home Loan Bank advances	(469,000)	(177,100)
Issuance of stock	20	5
Repurchase of stock	(605)	(1,263)
Dividends paid	(1,099)	(1,109)
Net cash from financing activities	27,550	(11,993)
Net change in cash and cash equivalents	10,315	(103,552)
Cash and cash equivalents at beginning of year	31,025	134,577
Cash and cash equivalents at end of year	$ 41,340	$ 31,025
Supplemental disclosures		
Interest paid	$ 8,255	$ 1,491
Income taxes paid	460	325
Transfers from loans to other real estate	-	1,863
Recognition of lease right of use assets	-	66

See Accompanying Notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include the accounts of West Shore Bank Corporation ("Corporation"), its wholly owned subsidiary, West Shore Bank ("Bank"), and State Street Insurance Agency, Inc., the Bank's wholly owned subsidiary, after elimination of intercompany transactions and accounts.

Nature of Operations: The Corporation is a community-based financial institution, whose primary services include accepting deposits, making loans, and providing wealth management services. Customers are primarily located in Western and Northern Michigan.

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 future results could differ.

Subsequent Events: The Corporation has evaluated subsequent events for recognition and disclosure through March 22, 2024 which is the date the consolidated financial statements were available to be issued.

Cash Flows: Cash and cash equivalents include cash on hand, deposits with other financial institutions with original maturities under 90 days, and federal funds sold. Net cash flows are reported for customer loan and deposit transactions and repurchase agreements.

Securities: Securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. The Corporation did not have any securities held to maturity at December 31, 2023 and 2022. Securities are classified as available for sale when they might be sold prior to maturity. Securities available for sale are reported at fair value with unrealized holding gains or losses reported in other comprehensive income (loss).

Interest income includes amortization or accretion of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Premiums on callable securities are amortized to their earliest call date. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

A security is placed on nonaccrual status at the time any principal or interest payments become greater than 89 days delinquent. Interest accrued but not received for a security placed on non-accrual is reversed against interest income.

Allowance for Credit Losses – Securities available for sale: For securities available for sale in an unrealized loss position, the Corporation first assesses whether it intends to sell, or it is more likely than not that it 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 available for sale that do not meet the aforementioned criteria, the Corporation evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income (loss).

Changes in the allowance for credit losses are recorded as credit loss expense (or reversal). Losses are charged against the allowance when management believes the uncollectibility of securities available for sale is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Accrued interest receivable on securities available for sale totaled $638 at December 31, 2023 and is excluded from the estimate of credit losses.

Federal Home Loan Bank (FHLB) Stock: The Bank 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 the ultimate recovery of par value. Both cash and stock dividends are reported as interest income – other in the consolidated statements of income.

Loans Held for Sale: Residential real estate loans originated and intended for sale in the secondary market are carried at the lower aggregate cost or fair value, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings.

Residential real estate loans held for sale are generally sold with servicing rights retained. The carrying value of residential real estate loans sold is reduced by the amount allocated to the servicing right. Gains and losses on sales of residential real estate loans are based on the difference between the selling price and the carrying value of the related loan sold.

Loans: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at amortized cost net of the allowance for credit losses. Amortized cost is the principal balance outstanding, net of deferred loan fees and costs. Accrued interest receivable on loans totaled $1,152 at December 31, 2023 and was reported in accrued interest receivable and other assets in the consolidated balance sheets and is excluded from the estimate of credit losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

Interest income on residential real estate and commercial loans is discontinued and placed on nonaccrual status at the time the loan is more than 89 days delinquent unless the loan is well secured and in process of collection. Past-due status is based on the contractual terms of the loan. 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 received for loans placed in nonaccrual status is reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk: Most of the Corporation's business activity is with customers located within Western and Northern Michigan. Therefore, the Corporation's exposure to credit risk is significantly affected by changes in the economy of those areas.

Allowance for Credit Losses – Loans: The allowance for credit losses is a valuation account that is deducted from the loans' amortized costs basis to present the net amount expected to be collected on the loans.

Loans are charged off again the allowance when management believes the un-collectability of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amount previously charged off and expected to be charged off.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as sell as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors.

The Bank has identified the following portfolio segments and measures the allowance for loan losses for all portfolio segments using a probability of default (PD) and loss given default (LGD) methodology:

> Commercial - Loans to businesses that are sole proprietorships, partnerships, limited liability companies and corporations. These loans are for commercial, industrial, or professional purposes. The risk characteristics of these loans vary based on the borrower's business and industry as repayment is typically dependent on cash flows generated from the underlying business. Within this segment, management has identified the following classes of loans: commercial real estate, construction, and development, commercial and industrial, and other.

> Consumer - Term loans or lines of credit for the purchase of consumer goods, vehicles or home improvement. The risk characteristics of the loans in this segment vary depending on the type of collateral but generally repayment is expected from an individual continuing to generate a cash flow that supports the calculated payment obligation. Secondary support could involve liquidation of collateral. Within this segment, management has identified the following classes of loans: installment loans, HELOC (home equity lines of credit)/junior liens and credit cards.

> Residential Real Estate - Loans to purchase or refinance single family residences. The risks associated with this segment are dependent on individuals continuing to generate a cash flow that supports the payment obligation (similar to consumer loans) however the underlying collateral is real estate. Real estate is subject to changes in market valuation and can be unstable for a variety of reasons. There are no classes of loans identified within this segment.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are also not included in the collective evaluation. When management determines that foreclosure is probable expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for estimated selling costs as appropriate.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a loan modification will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Corporation.

The Corporation estimates the allowance for credit losses using relevant available information related to past events, current conditions, and reasonable and supportable forecasts. In determining the total allowance for credit losses, the Corporation calculates the quantitative portion of the allowance for credit losses using the Probability of Default/Probability of Attrition model, which is a logistic regression model, and add the qualitative adjustments to the model results along with the results from any individual loan assessments.

The Probability of Default/Probability of Attrition model estimates the expected lifetime net charge off balance utilizing the following: (i) probability that the loan will stop performing or default; and (ii) probability that a loan will pay-off entirely prior to maturity. Data used in the development of the probability of default includes macroeconomic variables, including but not limited to unemployment rates, gross domestic product, and the Treasury Yield Curve and peer loss data, when required, which is sourced from a third party. The information is specific to each portfolio segment.

The probability of default is estimated by analyzing the relationship between the historical performance of each loan pool and historical economic trends over a complete economic cycle. The probability of default for each pool is adjusted using a statistical model to reflect the current impact of certain macroeconomic variables and their expected changes over a reasonable and supportable forecast period. The Corporation determined that it was reasonably able to forecast the macroeconomic variables used in the forecast modeling processes with an acceptable degree of confidence for a total of 24 months. This forecast period is followed by a reversion process whereby the macroeconomic variables are relaxed to revert to the average historical loss rates for periods after the forecasted 24 month period.

Management qualitatively adjusts the allowance for credit loss model results for risk factors not considered within the quantitative modeling processes but are nonetheless relevant in assessing the expected credit losses within the portfolio segments. These qualitative risk factor adjustments may increase or decrease management's estimate of expected credit losses by a calculated percentage or amount based upon the estimated level of risk. Qualitative risk factors considered include, among other things, adjustments for local economic conditions, changes in collateral value, trends and changes in nonaccrual and delinquent loans, changes in concentrations, and the imprecision in the data sets used in the allowance for credit losses model.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures: The Corporation estimates expected credit losses over the contractual period in which the Corporation is exposed to credit risk via a contractual obligation to extend credit unless that obligation is unconditionally cancellable by the Corporation. The

allowance for credit losses on off-balance sheet credit exposures is adjusted through credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loan Servicing Rights: When residential real estate loans are sold with servicing retained, servicing rights are initially recorded at fair value in mortgage banking revenue in the consolidated statements of income. Fair value is based on market prices for comparable loan servicing contracts, when available or alternatively, is based on a valuation model that calculates the present value of the estimated future net servicing income. All classes of servicing rights are subsequently measured using the amortization method which requires servicing rights to be amortized into mortgage banking revenue in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Servicing rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. Impairment is determined by stratifying rights into groupings based on predominant risk characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. If the Corporation later determines that all or a portion of the impairment no longer exists for a particular grouping, a reduction of the valuation allowance may be recorded as an increase to earnings. No impairment of servicing rights has been recorded at year-end 2023 or 2022. The fair values of servicing rights are subject to significant fluctuations because of changes in estimated and actual prepayment speeds and default rates and losses.

Fees earned for servicing loans are based on a contractual percentage of the outstanding principal; or a fixed amount per loan and are recorded as income when earned. 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 the Corporation, 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 the Corporation does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Premises and Equipment: Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed using both accelerated and straight-line methods over the estimated useful lives of the related assets.

Leases: The Corporation leases certain branch and office locations in the normal course of business. Leases are classified as operating or finance leases at the lease commencement date. The Corporation records leases on the consolidated balance sheet in the form of a lease liability for the present value of future minimum 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-to-use asset, if applicable. The discount rate used in determining the lease liability is based upon the Corporation's incremental borrowing rate, which is the Federal Home Loan Bank amortizing advance rate, adjusted for the lease term and other factors. The Corporation does not record leases on the consolidated balance sheets that are classified as short term (less than one year).

At lease inception, the Corporation determines the lease term by considering the minimum lease term and all optional renewal periods that the Corporation is reasonably certain to renew. The lease term is also used to calculate straight-line rent expense. The depreciable life of leasehold improvements is limited by the estimated lease term, including renewals if they are reasonably certain to be renewed. The Corporation's leases do not contain residual value guarantees or material variable lease payments that will impact the Corporation's ability to pay dividends or cause the Corporation to incur additional expenses.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 other expenses - occupancy in the Corporation's consolidated statements of income. The Corporation's variable lease expense include rent escalators that are based on market conditions and include items such as common area maintenance, utilities, parking, property taxes, insurance and other costs associated with the lease.

Other Real Estate: Assets acquired through or instead of loan foreclosure are initially recorded at fair value, less estimated costs to sell, when acquired, establishing a new cost basis. If fair value declines, a valuation allowance is recorded through earnings. Costs after acquisition are expensed. Other real estate is included in accrued interest receivable and other assets in the consolidated balance sheets at December 31, 2023 and 2022, respectively (see Note 4).

Bank-Owned Life Insurance: The Bank has purchased life insurance policies on certain officers. Bank-owned life insurance is recorded at its currently realizable cash surrender value. Changes in currently realizable cash surrender value are recorded in other income-other in the consolidated statements of income.

Goodwill and Other Intangible Assets: Goodwill is generally determined as the excess of the purchase price over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill is not amortized, but is tested for impairment at least annually, or more frequently if events and circumstances indicate that a goodwill impairment test should be performed. The Bank has selected December 31 as the date to perform the annual impairment test. Goodwill was $1,841 at December 31, 2023 and 2022 and was determined not to be impaired based on the 2023 evaluation process.

Intangible assets with a definite useful life are recorded at fair value at the acquisition date and amortized over their expected useful lives. Intangible assets, included in accrued interest receivable and other assets in the consolidated balance sheets, were $38 and $104 on December 31, 2023, and 2022 and include customer lists. Amortization expense was $66 in both 2023 and 2022. Expected amortization is $38 in 2024.

Long-Term Assets: Premises and equipment and other long-term assets are reviewed for impairment when events indicate their carrying amount may not be recoverable from future undiscounted cash flows. If impaired, the assets are recorded at fair value.

Repurchase Agreements: Substantially all repurchase agreement liabilities represent amounts advanced by various customers. Securities are pledged to cover these liabilities, which are not covered by federal deposit insurance.

Income Taxes: Income tax expense is the sum of the current year income tax due and the change in the deferred tax assets and liabilities. Deferred tax assets and liabilities are computed based on temporary differences between the financial statement and tax bases of assets and liabilities, computed using enacted rates. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount expected to 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. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. The Corporation recognizes

 (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

interest and/or penalties related to income tax matters in other expenses- other in the consolidated statements of income.

Off-Balance-Sheet Financial Instruments: Financial instruments include off-balance-sheet credit instruments, such as commitments to make loans and standby letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Fair Values of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. 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 certain items. Changes in assumptions or in market conditions could significantly affect these estimates.

Comprehensive Income (Loss): Comprehensive income (loss) includes net income and changes in unrealized gains and losses on securities available for sale and in the Corporation's obligation for post-retirement benefits, net of tax, which are also recognized as separate components of stockholders' equity.

Basic Earnings Per Share: Basic earnings per share is based on weighted-average common shares outstanding which was 1,250,530 for 2023 and 1,270,600 for 2022.

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. Management does not believe there now are such matters that will have a material effect on the consolidated financial statements.

Dividend Restriction: Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to the Corporation or by the Corporation to stockholders.

Revenue Recognition from Contracts with Customers: Revenue from Contracts with Customers (ASC 606) establishes guidance for revenue recognition unless transactions are within the scope of other guidance. All the Corporation's revenue from contracts with customers within the scope of ASC 606 is recognized in other income in the consolidated statements of income. A description of the Corporation's revenue streams accounted for under ASC 606 follows:

> Service Charges on Deposit Accounts: The Corporation earns fees from its deposit customers for transaction-based account maintenance and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees are recognized at the time the transaction is executed as this is the point in time the Corporation fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Corporation satisfies the performance obligation. Overdraft fees are recognized at the point in time the overdraft occurs. Service charges on deposits are withdrawn from customer account balances.
>
> Trust and Wealth Management Fees: The Corporation earns trust and wealth management fees from its agreements with customers to manage assets for investment and/or provide trust
>
> administration services. These fees are primarily earned over time as the Corporation provides monthly or quarterly services and are generally assessed on a tiered fee schedule based on the

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

market value of assets under management at month-end. Other ancillary services are provided based on a fixed fee schedule and are recognized when the services are rendered.

Investment Brokerage Fees: The Corporation earns fees from investment brokerage services provided by a third-party service provider. These fees are received by the Corporation each month based on customer activity for the month. The fees are recognized monthly and are included in other income- other in the consolidated statements of income. For the years ended 2023 and 2022, investment brokerage fees were $182 and $209 respectively.

Interchange Income: The Corporation earns interchange fees from debit/credit card transactions conducted through various payment networks. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Gains/Losses on Sale of Other Real Estate (ORE): The Corporation records a gain or loss from the sale of ORE when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Corporation finances the sale of ORE to the buyer, the Corporation assesses 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 ORE asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer.

Reclassifications: Some items in the prior year consolidated financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net income or total stockholder’s equity.

Adoption of New Accounting Standards: On January 1, 2023, the Corporation adopted ASU 2016-13 *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses of Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loans and securities held to maturity. It also applies to off-balance sheet credit exposures not accounted for as insurance such as loan commitments, standby letters of credit, financial guarantees, and other similar instruments. In addition, ASC 326 amended the accounting for securities available for sale. One such change is to require credit losses to be presented as an allowance rather than as a write-down on securities available for sale, management does not intend to sell or believes that it is more likely than not they will be required to sell.

The Corporation adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost, and off-balance-sheet (OBS) credit exposures. Results for reporting periods beginning after January 1, 2023, are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Corporation recorded no adjustment to retained earnings as of January 1, 2023 for the cumulative effect of adopting ASC 326 as the impact of adoption was not material.

(Continued)

(Dollar amounts in thousands)

NOTE 2 – SECURITIES

The fair value of securities available for sale and the related gross unrealized gains and losses recognized in accumulated other comprehensive loss were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2023				
Available-for-sale				
U.S. Government-sponsored entities and agencies	$ 43,478	$ -	$ (3,486)	$ 39,992
State and political subdivisions	49,886	33	(3,157)	46,762
Mortgage-backed securities: residential	39,079	-	(4,994)	34,085
Corporate	17,929	-	(2,405)	15,524
	$ 150,372	$ 33	$ (14,042)	$ 136,363

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2022				
Available-for-sale				
U.S. Government-sponsored entities and agencies	$ 48,711	$ -	$ (4,638)	$ 44,073
State and political subdivisions	60,554	25	(4,543)	56,036
Mortgage-backed securities: residential	45,583	-	(5,618)	39,965
Corporate	20,833	-	(1,979)	18,854
	$ 175,681	$ 25	$ (16,778)	$ 158,928

There were no securities available for sale with an allowance for credit losses at December 31, 2023.

The amortized cost and fair value of securities available for sale are shown by contractual maturity. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

(Continued)

(Dollar amounts in thousands)

NOTE 2 – SECURITIES (Continued)

	December 31, 2023	
	Amortized Cost	Fair Value
Available-for-sale		
Due in one year or less	$ 12,346	$ 12,002
Due after one year through five years	72,913	67,586
Due after five years through ten years	20,367	18,527
Due after ten years	26,817	22,724
Mortgage-backed Securities - Residential	17,929	15,524
	$ 150,372	$ 136,363

Securities with unrealized losses at year-end 2023 and 2022, aggregated by investment category and length of time that individual securities have been in an unrealized loss position, are as follows:

	Less than 12 Months		12 Months or More		Total	
Description	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
2023						
U.S. Government-sponsored entities and agencies	$ -	$ -	$ 39,992	$ (3,486)	$ 39,992	$ (3,486)
States and political subdivisions	2,921	(23)	39,553	(3,134)	42,474	(3,157)
Mortgage-backed securities:						
Residential	-	-	34,085	(4,994)	34,085	(4,994)
Corporate	-	-	15,524	(2,405)	15,524	(2,405)
	$ 2,921	$ (23)	$ 129,155	$ (14,019)	$ 132,076	$ (14,042)

	Less than 12 Months		12 Months or More		Total	
Description	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
2022						
U.S. Government-sponsored entities and agencies	$ 6,565	$ (470)	$ 37,508	$ (4,168)	$ 44,073	$ (4,638)
States and political subdivisions	27,382	(1,848)	23,807	(2,695)	51,189	(4,543)
Mortgage-backed securities:						
Residential	14,691	(1,209)	25,274	(4,409)	39,965	(5,618)
Corporate	7,664	(970)	10,690	(1,009)	18,354	(1,979)
	$ 56,302	$ (4,497)	$ 97,279	$ (12,281)	$ 153,581	$ (16,778)

Unrealized losses have not been recognized into income because the securities are of high credit quality, management does not intend to sell, and it is not more likely than not that management would be required to sell the securities prior to their anticipated recovery.

(Continued)

(Dollar amounts in thousands)

NOTE 2 – SECURITIES (Continued)

In 2023 and 2022, proceeds from sales and calls of securities were $18,025 and $1,162, with gross gains of $0 and $0 and gross losses of $333 and $2 on those transactions.

Securities having a carrying value of $79,567 and $57,581 were pledged to secure public deposits, securities sold under agreements to repurchase, and for other purposes as required or permitted by law at year-end 2023 and 2022.

At year-end 2023 and 2022, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of total stockholder's equity.

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES

Loans at December 31 year-end were as follows:

	2023	2022
Commercial:		
Commercial real estate	$ 191,899	$ 170,599
Construction and development	43,002	25,189
Commercial and industrial	97,323	93,965
Other	8,108	9,683
Consumer:		
Installment loans	17,581	17,843
HELOC's and junior liens	32,168	27,891
Residential real estate	107,035	101,969
Subtotal	497,116	447,139
Allowance for credit losses	(5,423)	(5,218)
Loans, net	$ 491,693	$ 441,921

Loans to principal officers, directors, and their affiliates at year-ends 2023 and 2022 were $11,927 and $9,386.

(Continued)

(Dollar amounts in thousands)

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents the activity in the allowance for credit losses by portfolio segment for the year ending December 31, 2023:

	Commercial	Consumer	Residential Real Estate	Total
December 31, 2023				
Allowance for credit losses:				
Beginning balance, prior to adoption of ASC 326	$ 2,838	$ 877	$ 1,503	$ 5,218
Provision for credit losses	372	1	(190)	183
Loans charged-off	-	(22)	-	(22)
Recoveries collected	18	26	-	44
Total ending allowance balance	$ 3,228	$ 882	$ 1,313	$ 5,423

The following table presents the activity in the allowance for loan losses by portfolio segment for the year ending December 31, 2022:

	Commercial	Consumer	Residential Real Estate	Total
December 31, 2022				
Beginning balance	$ 2,977	$ 922	$ 1,152	$ 5,051
Provision for loan losses	(98)	(9)	362	255
Loans charged-off	(49)	(78)	(11)	(138)
Recoveries	8	42	-	50
Total ending allowance balance	$ 2,838	$ 877	$ 1,503	$ 5,218

(Dollar amounts in thousands)

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on incurred loss method as of December 31, 2022:

	Commercial	Consumer	Residential Real Estate	Total
2022				
Allowance for loan losses:				
Ending allowance balance attributable to loans:				
Individually evaluated for impairment	$ -	$ 86	$ 75	$ 161
Collectively evaluated for impairment	2,839	791	1,428	5,057
Total ending allowance balance	$ 2,839	$ 877	$ 1,503	$ 5,218
Loans:				
Loans individually evaluated for impairment	$ 6,452	$ 411	$ 448	$ 7,311
Loans collectively evaluated for impairment	292,984	45,323	101,521	439,828
Total ending loans balance	$ 299,436	$ 45,734	$ 101,969	$ 447,139

(Dollar amounts in thousands)

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents information related to impaired loans by class of loans as of and for the year ended December 31, 2022:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
2022						
With no related allowance for loan losses recorded:						
Commercial:						
Commercial real estate	$ 4,120	$ 4,120	$ -	$ 4,665	$ 341	$ 322
Construction and development	-	-	-	-	-	-
Commercial and industrial	2,181	2,181	-	2,232	144	131
Other	151	151	-	170	10	10
Consumer:						
Installment loans	-	-	-	-	-	-
HELOC's and junior liens	-	-	-	-	-	-
Residential real estate	-	-	-	-	-	-
Subtotal	6,452	6,452	-	7,067	495	463
With an allowance for loan losses recorded:						
Commercial:						
Commercial real estate	-	-	-	-	-	-
Construction and development	-	-	-	-	-	-
Commercial and industrial	-	-	-	-	-	-
Other	-	-	-	-	-	-
Consumer:						
Installment loans	50	50	8	51	3	3
HELOC's and junior liens	361	361	78	368	20	19
Residential real estate	448	448	75	454	23	22
Subtotal	859	859	161	873	46	44
Total	$ 7,311	$ 7,311	$ 161	$ 7,940	$ 541	$ 507

The recorded investment in loans excludes accrued interest receivable and loan origination fees, net due to immateriality. For purposes of this disclosure, the unpaid principal balance is not reduced for partial charge-offs, if any.

(Dollar amounts in thousands)

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Nonaccrual loans and loans past due over 89 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually evaluated loans. The sum of non-accrual loans and loans past due over 89 days still on accrual will differ from the total individually evaluated loan amount.

The following table presents the recorded investment in nonaccrual and loans past due over 89 days still accruing as of December 31, 2023:

	Nonaccrual With No Allowance for Credit Loss	Nonaccrual	Loans Past Due Over 89 Days Still Accruing
Commercial:			
Commercial real estate	$ -	$ 32	$ -
Construction and development	-	147	-
Commercial and industrial	-	-	310
Other	-	-	-
Consumer:			
Installment loans	-	28	-
HELOC's and junior liens	-	50	-
Residential real estate	-	252	-
Total	$ -	$ 509	$ 310

The Corporation recognized $174 of interest income on nonaccrual loans during the year ended December 31, 2023.

(Dollar amounts in thousands)

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents the recorded investment in nonaccrual and loans past due over 89 days still on accrual by class of loans as of December 31, 2022:

	Nonaccrual	Loans Past Due Over 89 Days Still Accruing
Commercial:		
Commercial real estate	$ 39	$ -
Construction and development	-	-
Commercial and industrial	-	-
Other	-	-
Consumer:		
Installment loans	-	40
HELOC's and junior liens	-	-
Residential real estate	224	48
Total	$ 263	$ 88

(Dollar amounts in thousands)

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents the amortized cost basis of collateral-dependent loans by class of loans as of December 31, 2023:

	Real Estate Collateral	Equipment Collateral	Auto Collateral
Commercial:			
Commercial real estate	$ 1,148	$ -	$ -
Commercial and industrial	-	395	-
Consumer:			
Installment loans	-	-	20
HELOC's and junior liens	50	-	-
Residential real estate	357	-	-
Total	$ 1,555	$ 395	$ 20

(Dollar amounts in thousands)

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents the aging of the amortized cost basis in past due loans as of December 31, 2023 and 2022 by class of loans:

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
December 31, 2023						
Commercial:						
Commercial real estate	$ -	$ -	$ -	$ -	$ 191,899	$ 191,899
Construction and development	-	-	147	147	42,855	43,002
Commercial and industrial	-	-	310	310	97,013	97,323
Other	-	-	-	-	8,108	8,108
Consumer:						
Installment loans	109	7	28	144	17,437	17,581
HELOC's and junior liens	59	2	50	111	32,057	32,168
Residential real estate	114	-	252	366	107,009	107,035
Total	$ 282	$ 9	$ 787	$ 1,078	$ 496,378	$ 497,116
December 31, 2022						
Commercial:						
Commercial real estate	$ -	$ -	$ -	$ -	$ 170,599	$ 170,599
Construction and development	-	-	-	-	25,189	25,189
Commercial and industrial	3	-	-	3	93,962	93,965
Other	-	-	-	-	9,683	9,683
Consumer:						
Installment loans	72	11	40	123	17,720	17,843
HELOC's and junior liens	112	-	-	112	27,779	27,891
Residential real estate	200	-	236	436	101,533	101,969
Total	$ 387	$ 11	$ 276	$ 674	$ 446,465	$ 447,139

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Occasionally, the Corporation modifies loans to borrowers in financial distress by providing modifications such as principal forgiveness, term extension, and other-than-significant payment delay or interest rate reductions. When principal forgiveness is provided, the amount of forgiveness is charged-off against the allowance for credit losses.

In some cases, the Corporation may provide multiple types of concessions on one loan. Typically, one type of concession, such as a term extension, is granted initially. It the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted.

For the year ended December 31, 2023, there were no loans that were both experiencing financial difficulty and modified during the 12 months ended December 31, 2023.

Upon the Corporation's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Credit Quality Indicators:

The Corporation categorizes loans into risk categories, consistent with regulatory classification definitions, based on relevant information about the ability of borrowers to service their obligations such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Corporation analyzes loans individually by classifying the loans as to credit risk. This analysis includes non-homogeneous loans, such as commercial loans. This analysis is performed on an annual basis. Loans graded 1 through 4 are considered Pass rated loans. The following definitions apply to the Corporation's non-Pass rated loans:

Special Mention (Grade 5): Loans which possess some credit deficiency or potential weakness which deserve close attention. Such loans pose an unwarranted financial risk that, if not corrected, could weaken the loan by adversely impacting the future repayment ability of the borrower. The key distinctions of a Special Mention classification are that: (1) it is indicative of an unwarranted level of risk, and (2) weaknesses are considered "potential" not "defined" impairments to the primary source of repayment. These loans may be to borrowers with adverse trends in financial performance, collateral value and/or marketability or balance sheet strength.

Substandard (Grade 6): Loans which possess a defined credit weakness. The likelihood that a loan will be paid from the primary source of repayment is uncertain. Financial deterioration is under way and very close attention is warranted to ensure that the loan is collected without loss. Loans are inadequately protected by the current net worth and paying capacity of the borrower. The primary source of repayment is gone, and the Bank is forced to rely on a secondary source of repayment, such as collateral liquidation or guarantees. Loans have a distinct possibility that the Bank will sustain some loss if deficiencies are not corrected. Unusual courses of action are needed to maintain a high probability of repayment. The borrower is not generating enough cash flow to repay loan principal; however, it continues to make interest payments. The bank is forced into a subordinated or unsecured position due to flaws in documentation. Loans have been restructured so that payment schedules, terms, and collateral represent concessions to the borrower when compared to the normal loan terms. The bank is seriously contemplating foreclosure or legal action due to the apparent deterioration in the loan. There is a significant deterioration in market conditions to which the borrower is highly vulnerable.

Doubtful (Grade 7): Loans have all the weaknesses of those classified as substandard. However, based on existing conditions, these weaknesses make full collection of principal balance highly improbable. The primary source of repayment is gone and there is considerable doubt as to the quality of the secondary source of repayment. The possibility of loss is high but because of certain important pending factors which may strengthen the loan, loss classification is deferred until the exact status of repayment is known.

(Continued)

(Dollar amounts in thousands)

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

	Term Loans Amortized Cost Basis by Origination Year				Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2023	2022	2021	Prior			
As of December 31, 2023:							
Commercial real estate:							
Risk rating							
Pass	$ 32,727	$ 50,975	$ 24,824	$ 72,753	$ 5,170	$ -	$ 186,449
Special Mention	-	-	3,691	712	-	-	4,403
Substandard	-	-	-	706	-	-	706
Doubtful	-	-	-	341	-	-	341
Total Commercial real estate:	$ 32,727	$ 50,975	$ 28,515	$ 74,512	$ 5,170	$ -	$ 191,899
Commercial real estate:							
Current period gross write offs	$ -	-	-	-	-	-	-
Construction and development:							
Risk rating							
Pass	$ 20,857	$ 16,069	$ 3,121	$ 2,633	$ -	$ -	$ 42,680
Special Mention	-	176	-	-	-	-	176
Substandard	-	-	146	-	-	-	146
Doubtful	-	-	-	-	-	-	-
Total Construction and development:	$ 20,857	$ 16,245	$ 3,268	$ 2,633	$ -	$ -	$ 43,002
Construction and development:							
Current period gross write offs	$ -	-	-	-	-	-	-

(Dollar amounts in thousands)

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

	Term Loans Amortized Cost Basis by Origination Year				Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2023	2022	2021	Prior			
As of December 31, 2023:							
Commercial and industrial:							
Risk rating							
Pass	$ 12,277	$ 28,423	$ 12,128	$ 6,888	$ 30,915	$ 1,578	$ 92,209
Special Mention	692	66	2,218	111	1,101	-	4,188
Substandard	-	310	-	78	538	-	926
Doubtful	-	-	-	-	-	-	-
Total Commercial and industrial:	$ 12,970	$ 28,799	$ 14,435	$ 7,077	$ 32,554	$ 1,578	$ 97,323
Commercial and industrial:							
Current period gross write offs	$ -	-	-	-	-	-	-
Other Commercial:							
Risk rating							
Pass	$ 334	$ 644	$ 15	$ 7,115	$ -	$ -	$ 8,108
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total Other Commercial:	$ 334	$ 644	$ 15	$ 7,115	$ -	$ -	$ 8,108
Other Commercial:							
Current period gross write offs	$ -	-	-	-	-	-	-

(Dollar amounts in thousands)

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

	Term Loans Amortized Cost Basis by Origination Year				Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2023	2022	2021	Prior			
As of December 31, 2023:							
Consumer Installment:							
Risk rating							
Performing	$ 5,530	$ 3,896	$ 2,374	$ 4,873	$ 851	$ -	$ 17,523
Non-performing	-	10	28	18	1	-	58
Total Consumer Installment:	$ 5,530	$ 3,906	$ 2,402	$ 4,891	$ 852	$ -	$ 17,581
Consumer Installment:							
Current period gross write offs	$ (1)	(9)	-	(11)	-	-	(21)
As of December 31, 2023:							
HELOC's and junior liens:							
Risk rating							
Performing	$ 1,340	$ 704	$ 152	$ 1,102	$ 27,636	$ 1,140	$ 32,075
Non-performing	-	-	-	5	88	-	93
Total HELOC's and junior liens:	$ 1,340	$ 704	$ 152	$ 1,107	$ 27,725	$ 1,140	$ 32,168
HELOC's and junior liens:							
Current period gross write offs	$ -	-	-	(1)	-	-	(1)

(Dollar amounts in thousands)

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

	Term Loans Amortized Cost Basis by Origination Year				Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2023	2022	2021	Prior			
As of December 31, 2023:							
Residential real estate:							
Risk rating							
Performing	$ 17,153	$ 40,512	$ 17,910	$ 31,315	$ -	$ -	$ 106,890
Non-performing	-	-	-	145	-	-	145
Total Residential real estate:	$ 17,153	$ 40,512	$ 17,910	$ 31,460	$ -	$ -	$ 107,035
Residential real estate:							
Current period gross write offs	$ -	-	-	-	-	-	-

(Dollar amounts in thousands)

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Based on the most recent analysis performed, the risk category of loans by class of loans at year-end 2022 is as follows:

	Pass	Special Mention	Substandard	Doubtful	Not Rated	Total
December 31, 2022						
Commercial:						
Commercial real estate	$ 162,494	$ 4,614	$ 3,083	$ 408	$ -	$ 170,599
Construction and development	25,189	-	-	-	-	25,189
Commercial and industrial	85,038	6,825	2,102	-	-	93,965
Other	9,417	228	38	-	-	9,683
Consumer:						
Installment loans	-	-	47	-	17,796	17,843
HELOC's and junior liens	-	-	325	-	27,566	27,891
Residential real estate	-	-	233	-	101,736	101,969
Total	$ 282,138	$ 11,667	$ 5,828	$ 408	$ 147,098	$ 447,139

The Corporation considers the performance of the loan portfolio and its impact on the allowance for loan losses. For residential real estate and consumer loan classes, the Corporation also evaluates credit quality based on the aging status of the loan, which was previously presented, and by payment activity. The following table presents the recorded investment in residential real estate and consumer loans based on payment activity:

	Installment Loans	HELOC's and Junior Liens	Residential Real Estate
December 31, 2022			
Performing	$ 17,803	$ 27,891	$ 101,697
Nonperforming	40	-	272
Total	$ 17,843	$ 27,891	$ 101,969

(Dollar amounts in thousands)

NOTE 4 – OTHER REAL ESTATE

Other real estate activity was as follows:

	2023	2022
Beginning balance	$ 1,832	$ 92
Loans transferred to other real estate	-	1,863
Direct write-downs and change in valuation allowance	(30)	(46)
Sales of other real estate	(1,802)	(77)
End of year	$ -	$ 1,832

On December 31, 2023 and 2022, the balance of other real estate includes $0 and $56 of foreclosed residential real estate properties recorded as a result of obtaining physical possession of the property. At both December 31, 2023 and 2022, the recorded investment in loans secured by residential real estate properties for which formal foreclosure proceedings are in process is $0.

Activity in the valuation allowance was as follows:

	2023	2022
Beginning of year	$ 44	$ 15
Additions charged to expense	15	36
Reductions from sales of other real estate	(59)	(7)
End of year	$ -	$ 44

(Continued)

(Dollar amounts in thousands)

NOTE 4 – OTHER REAL ESTATE (Continued)

Expenses related to other real estate include:

	2023	2022
Loss on other real estate	$ 11	$ 36
Operating expenses, net of rental income	14	155
	$ 25	$ 191

NOTE 5 – FAIR VALUE

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (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. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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

Securities: The fair values of securities available for sale are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or matrix pricing, which is a mathematical technique widely used to in the industry to value securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). The Corporation relies on both quoted prices and matrix pricing for fair values of securities. The Corporation did not rely on Level 3 inputs for fair values of any securities at December 31, 2023 or 2022.

Individually Evaluated Loans: The fair value of individually evaluated loans with specific allocations of the allowance for credit losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Further, management makes adjustments to the appraisal values based upon market conditions. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Individually evaluated loans are evaluated on a quarterly basis and the allowance for credit losses allocations are adjusted accordingly.

(Continued)

(Dollar amounts in thousands)

NOTE 5 – FAIR VALUE (Continued)

Other Real Estate: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less estimated costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals which are updated no less frequently than annually. 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. Further, management adjusts the appraisal values based upon market conditions. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Other real estate properties are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Appraisals for both collateral-dependent individually evaluated 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 the Corporation. Once received, an officer 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. On an annual basis, the Corporation compares the actual selling price of collateral that has been sold to the most recent appraised value to determine what additional adjustment should be made to the appraisal value to arrive at fair value. The most recent analysis performed indicated that a discount of 10% should be applied to properties with appraisals performed within 12 months. Assets measured at fair value on a recurring basis as of December 31 are summarized below:

	Fair Value Measurements at December 31 using:		
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
2023			
U.S. government-sponsored entities and agencies	$ 39,992	$ -	$ 39,992
States and political subdivisions	46,762	-	46,762
Mortgage-backed securities: residential	34,085	-	34,085
Corporate	15,524	-	15,524
Total securities	$ 136,363	$ -	$ 136,363
2022			
U.S. government-sponsored entities and agencies	$ 44,073	$ -	$ 44,073
States and political subdivisions	56,036	-	56,036
Mortgage-backed securities: residential	39,965	-	39,965
Corporate	18,854	-	18,854
Total securities	$ 158,928	$ -	$ 158,928

(Continued)

(Dollar amounts in thousands)

NOTE 5 – FAIR VALUE (Continued)

Assets Measured on a Non-Recurring Basis

There were no assets measured at fair value on a non-recurring basis at December 31, 2023.

Assets measured at fair value on a non-recurring basis as of December 31 are summarized below.

		Fair Value Measurements at December 31 using:		
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2022				
Other real estate, net				
Commercial real estate	$ 37	$ -	$ -	$ 37

Other Real Estate
Other real estate measured at fair value had a net carrying amount of $37 on December 31, 2022, made up of the outstanding balance of $81, net of a valuation allowance of $44.

NOTE 5 – FAIR VALUE (Continued)

As discussed previously, the fair values of individually evaluated loans and other real estate carried at fair value are determined by third party appraisals. Management adjusts these appraised values based on the age of the appraisal and the type of the property. The following table presents quantitative information about level 3 fair value measurements for the larger classes of financial instruments measured at fair value on a non-recurring basis:

	Fair value	Valuation Technique(s)	Unobservable Input	Discount Rate (Range and Average)
December 31, 2022				
Other real estate:				
Commercial real estate	$ 37	Sales Comparison	Management discount for property type and recent market volatility	10%

(Dollar amounts in thousands)

NOTE 5 – FAIR VALUE (Continued)

Fair Value of Financial Instruments

The carrying amounts and estimated fair values of financial instruments not carried at fair value, at year-end are as follows.

		2023		2022	
	Fair Value Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and cash equivalents	1	$ 41,340	$ 41,340	$ 31,025	$ 31,025
Loans held for sale	2	340	344	1,022	1,040
Loans – net	3	491,116	482,013	441,921	433,157
Federal Home Loan Bank stock	n/a	2,622	n/a	2,100	n/a
Accrued interest receivable	2	2,150	2,150	2,048	2,048
Financial liabilities					
Non-maturity deposits	1	$ (435,040)	$ (435,040)	$ (492,213)	$ (492,213)
Time deposits	2	(151,594)	(150,904)	(65,772)	(66,188)
Repurchase agreements	1	(31,194)	(31,194)	(26,609)	(26,609)
Subordinated debt	2	(19,623)	(16,175)	(19,575)	(16,175)
FHLB advances	2	(5,000)	(4,995)	(39,000)	(38,989)
FRB Bank Term Funding advances	2	(30,000)	(29,970)	-	-
Accrued interest payable	2	(1,927)	(1,927)	(366)	(366)

NOTE 6 – MORTGAGE BANKING REVENUE

The components of mortgage banking revenue are as follows:

	2023	2022
Gain on sale of mortgage loans	$ 546	$ 820
Capitalized loan servicing rights	405	512
Loan servicing fee income	821	794
Amortization of loan servicing rights	(542)	(567)
	$ 1,230	$ 1,559

Mortgage loans serviced for others are not reported as assets on the consolidated balance sheets. The principal balances of these loans at year-end are as follows:

	2023	2022
Mortgage loan portfolios serviced for:		
FHLMC	$ 305,619	$ 313,338
FHLB	12,079	2,891
	$ 317,698	$ 316,229

Custodial escrow balances maintained in connection with serviced loans were $1,650 and $1,829 at year-end 2023 and 2022.

(Dollar amounts in thousands)

NOTE 6 – MORTGAGE BANKING REVENUE (Continued)

Activity for loan servicing rights follows:

	2023	2022
Loan servicing rights:		
Beginning of year	$ 2,949	$ 3,004
Additions	405	512
Amortized to expense	(542)	(567)
End of year	$ 2,812	$ 2,949

There was no valuation allowance on loan servicing rights as of December 31, 2023 and 2022.

The fair value of servicing rights was $4,346 and $4,096 at year-end 2023 and 2022. Fair value at year-end 2023 was determined using discount rate of 11.00% and prepayment speeds ranging from 6.49% to 6.80%, depending on the stratification of the specific right. Fair value at year-end 2022 was determined using a discount rate of 11.25% and prepayment speeds ranging from 6.01% to 8.75%, depending on the stratification of the specific right.

NOTE 7 – PREMISES AND EQUIPMENT – NET

Year-end premises and equipment are as follows:

	2023	2022
Land and land improvements	$ 5,092	$ 5,092
Bank building and improvements	23,046	22,046
Leasehold Improvements	66	66
Furniture and equipment	12,387	12,078
Work in process	30	663
	40,621	39,945
Accumulated depreciation	(15,464)	(14,075)
	$ 25,157	$ 25,870

Depreciation expense was $1,388 and $1,288 for 2023 and 2022, respectively.

(Dollar amounts in thousands)

NOTE 8 – LEASES

The Corporation enters into lease agreements in the normal course of business primarily for branch and office locations.

Operating lease right-of-use assets of $128 and $234 are included in accrued interest receivable and other assets in the consolidated balance sheet at year-end 2023 and 2022. Operating lease liabilities of $171 and $311 are included in accrued interest payable and other liabilities in the consolidated balance sheet at year-end 2023 and 2022. There were no finance leases as of December 31, 2023 or 2022.

Future undiscounted lease payments for operating leases with initial terms of one year or more as of December 31, 2023 are as follows:

2024	$ 111
2025	63
Total undiscounted lease payments	174
Less: Discount	(3)
	$ 171

The weighted average discount rates for operating leases were .74% and .85% at year-end 2023 and 2022. The weighted average remaining lease terms for operating leases was approximately two years at both December 31, 2023 and 2022.

Total operating lease costs of $139 and $145 are included in occupancy expense in the consolidated statements of income for the years ended December 31, 2023, and 2022.

NOTE 9 – DEPOSITS

At year-end 2023, scheduled maturities of time deposits were as follows:

2024	$ 131,242
2025	16,996
2026	2,106
2027	1,232
2028	18
	$ 151,594

Time deposits that meet or exceed the FDIC insurance limit of $250 were approximately $44,100 and $13,819 at year-end 2023 and 2022. Deposits from principal officers and directors totaled approximately $9,572 and $13,456 at year-end 2023 and 2022.

(Dollar amounts in thousands)

NOTE 10 – REPURCHASE AGREEMENTS

Information concerning repurchase agreements follows:

	2023	2022
Average balance during the year	$ 27,989	$ 40,807
Average interest rate for the year	1.81%	.13%
Maximum amount outstanding at any month end	34,527	64,504
Average interest rate at year-end	2.36%	.14%

These borrowings generally mature within one to three days of the transaction date.

The fair value of securities pledged to secure repurchase agreements may decline. Securities sold under agreements to repurchase are secured by government agency securities and mortgage-backed securities, with a carrying amount of $32,159 and $27,870 at year-end 2023 and 2022.

NOTE 11 – FEDERAL HOME LOAN BANK ADVANCES AND FEDERAL RESERVE BANK TERM FUNDING ADVANCES

At year-end, advances from the Federal Home Loan Bank were as follows:

	2023	2022
Maturity in May 2024, fixed rate of 5.47%, weighted average of 5.47%	$ 5,000	$ -
Maturities in January 2023, fixed rates from 4.15% to 4.35%, weighted average of 4.30%	$ -	$ 39,000

Each advance is payable at its maturity date, with a prepayment penalty for fixed rate advances. No fixed rate advances were paid prior to maturity in 2023 or 2022. Advances are secured by investment securities available for sale and residential real estate loans with a carrying value of approximately $69,861 and $78,883 at December 31, 2023 and 2022, respectively. Based on this collateral, and the holdings of FHLB stock, the Corporation is eligible to borrow an additional $44,901 at year-end 2023.

At year-end, advances from the Federal Reserve Bank were as follows:

	2023	2022
Maturities in April & May 2024, fixed rates of 4.66% & 4.70%, weighted average of 4.67%	$ 30,000	$ -

Each advance is payable one year from origination but can be paid back early with no penalty. Advances are secured by investment securities available for sale and residential real estate loans with a carrying value of approximately $31,312 on December 31, 2023.

(Dollar amounts in thousands)

NOTE 12 – SUBORDINATED DEBT

On November 15, 2021, the Corporation closed on a private placement of $20,000 in aggregate principal of its 3.375% fixed-to-floating rate subordinated notes due 2031. Debt issuance costs totaled $479 and are being amortized over the 10-year term, with $48 being amortized in both 2023 and 2022. The Corporation intends to use the net proceeds from the notes for general corporate and strategic purposes. Capital generated from subordinated notes can be included in Tier 1 capital for the Bank, subject to certain limitations.

The notes will initially bear interest at a fixed rate of 3.375% per annum until November 12, 2026, after which time the interest rate will reset quarterly to an interest rate per annum equal to the Three-Month Term Secured Overnight Financing Rate plus 234 basis points. The notes will mature on November 12, 2031.

NOTE 13 – INCOME TAXES

Income tax expense consists of the following:

	2023	2022
Current provision	$ 451	$ 460
Deferred expense (benefit)	(113)	15
Change in valuation allowance	-	(11)
	$ 338	$ 464

The effective tax rate differs from the statutory federal income tax rate as follows:

	2023	2022
Statutory rate	21.0%	21.0%
Income tax expense at statutory rate	$ 998	$ 905
Tax-exempt interest income	(115)	(145)
Low-income housing tax credits	(162)	(170)
Bank owned life insurance	(50)	(48)
Nondeductible interest expense	17	2
QZAB credits	(151)	(151)
Change in valuation allowance	-	(11)
Other, net	(199)	82
	$ 338	$ 464

The net deferred tax asset, included in accrued interest receivable and other asserts in the consolidated balance sheets at year-end, is as follows:

	2023	2022
Total deferred tax assets	$ 5,229	$ 5,761
Total deferred tax liabilities	(1,944)	(2,012)

(Dollar amounts in thousands)

NOTE 13 – INCOME TAXES (Continued)

	3,285	3,749
Valuation allowance	-	-
	$ 3,285	$ 3,749

Temporary differences are primarily due to allowance for credit losses, accumulated depreciation, deferred compensation, loan servicing rights and unrealized gains and losses on securities for financial statement purposes. At both year-end 2023 & 2022, there were no deferred tax assets related to capital loss carryforwards.

There were no unrecognized tax benefits at December 31, 2023, and the Corporation does not expect the total amount of unrecognized tax benefits to significantly increase or decrease in the next twelve months. The Corporation is no longer subject to examination by the Internal Revenue Service for years before 2022. There were no penalties or interest recorded during 2023 or 2022.

NOTE 14 – EMPLOYEE BENEFIT PLANS

Pension Plan

The Corporation participates in the Pentegra Defined Benefit Plan for Financial Institutions (Pentegra DB Plan), which is a tax-qualified, multi-employer defined benefit pension plan, covering employees hired before August 1, 2007. Because the plan was curtailed, employees hired on or after that date are not eligible for membership in the fund. Eligible employees are 100% vested at the completion of five years of participation in the plan. The Corporation's policy is to contribute annually the minimum funding amounts. The Pentegra DB Plan's Employee Identification Number is 13-5645888 and the Plan Number is 333.

The Pentegra DB Plan is a single plan under Internal Revenue Code Section 413(c) and, as a result, all of the assets stand behind all of the liabilities. Accordingly, under the Pentegra DB Plan, contributions made by a participating employer may be used to provide benefits to participants of other participating employers. Total contributions received by the Pentegra DB Plan, as reported on Form 5500, for the plan years ending June 30, 2022 and 2021 totaled $139,478 and $248,563, respectively.

Employer contributions and administrative expenses charged to operations for the years ended December 31, 2023 and 2022 totaled $48 and $51, respectively. The Corporation's contribution for 2023 and 2022 was not more than 5% of the total contributions made to the Pentegra DB Plan. There are no collective bargaining agreements in place that require contributions to the plan. The funded status of the plan as of July 1, 2023 and 2022 was 96% and 101%, respectively.

Profit Sharing Plan

A contributory profit-sharing plan also covers substantially all full-time employees. The plan calls for the Corporation to match a portion of employees' contributions under Section 401(k) of the Internal Revenue Service Code. Contributions for 2023 and 2022 were $276 and $277.

(Dollar amounts in thousands)

NOTE 14 – EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Postretirement Plan

A defined benefit postretirement plan covers certain retirees, employees and their dependents. The plan provides postretirement health care benefits. Participants are subject to various cost-sharing policies depending on when retirement begins. The plan is currently not funded, and employer contributions, which represent the excess of benefit payments over participant contributions, are made on a pay-as-you go basis. The Corporation uses a December 31 measurement date for its plan.

Information about the postretirement benefit plan was as follows:

	2023	2022
Accrued benefit obligation	$ 236	$ 306
Net periodic expense	(11)	(53)
Employer contributions	12	15
Participant contributions	5	7
Benefits paid	17	22
Actuarial assumptions:		
Discount rate on benefit obligation	5.00%	5.50%

Amounts recognized in accumulated other comprehensive loss at year-end consist of:

	2023	2022
Net gain	$ 244	$ 174

Net periodic benefit cost in 2024 will include amortization of the net gain of $37.

For measurement purposes, the assumed annual rate of increase in the per capita cost of covered health care benefits was 9.4% for the first year beginning January 1, 2024, dropping down to 5.0% in year ten and thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	One-Percentage-Point Increase	One-Percentage-Point Decrease
Effect on total of service and interest cost	$ 28	$ 20
Effect on postretirement benefit obligation	276	204

Contributions
The Corporation expects to contribute $13 in 2024.

(Dollar amounts in thousands)

NOTE 14 – EMPLOYEE BENEFIT PLANS (Continued)

Estimated Future Payments
Gross benefits, before retiree contributions, as of December 31, 2023, expected to be paid in each of the next five fiscal years and in the aggregate for the five fiscal years thereafter, are presented below:

	Payments
2024	$ 7
2025	7
2026	7
2027	7
2028	7
Next five years	83
	$ 128

(Dollar amounts in thousands)

NOTE 15 – REGULATORY MATTERS

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on securities available for sale is not included in computing regulatory capital. The table below presents capital adequacy information including the capital conservation buffer. Management believes as of December 31, 2023, the Bank meets all capital adequacy requirements to which the Bank is subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2023 and 2022, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
2023						
Total Capital (to Risk Weighted Assets)						
Bank	$ 67,668	12.35%	$ 57,536	10.50%	$ 54,796	10.00%
Tier I (Core) Capital (to Risk Weighted Assets)						
Bank	62,245	11.36	46,576	8.50	43,837	8.00
Common Tier 1 (Risk Weighted Assets)						
Bank	62,245	11.36	38,357	7.00	35,617	6.50
Tier I (Core) Capital (to Average Assets)						
Bank	62,245	8.39	29,683	4.00	37,103	5.00
2022						
Total Capital (to Risk Weighted Assets)						
Bank	$ 64,033	12.72%	$ 52,876	10.50%	$ 50,358	10.00%
Tier I (Core) Capital (to Risk Weighted Assets)						
Bank	58,815	11.68	42,804	8.50	40,286	8.00
Common Tier 1 (Risk Weighted Assets)						
Bank	58,815	11.68	35,250	7.00	32,733	6.50
Tier I (Core) Capital (to Average Assets)						
Bank	58,815	8.52	27,620	4.00	34,525	5.00

(Dollar amounts in thousands)

NOTE 16 – COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS OF CREDIT RISK

Some financial instruments are utilized to meet customer financing needs and to reduce exposure to interest rate changes. These financial instruments include commitments to extend credit and standby letters of credit. These involve, to varying degrees, credit, and interest-rate risk in excess of the amount reported in the consolidated balance sheet.

Commitments at year-end are as follows:

	2023		2022	
	Fixed	Variable	Fixed	Variable
Outstanding commitments to extend credit	$ 18,478	$ 24,972	$ 21,348	$ 20,958
Unused lines of credit	70,041	41,974	4,547	105,568
Letters of credit	-	1,168	822	-
	$ 88,519	$ 68,114	$ 26,717	$ 126,526

Of the letters of credit outstanding at year-end 2023 and 2022, there were $0 and $50 outstanding to related parties. Commitments to extend credit are agreements to lend to a customer if there is no violation of any condition established in the commitment, and generally have fixed expiration dates. Standby letters of credit are conditional commitments to guarantee a customer's performance to a third party. Exposure to credit loss if the other party does not perform is represented by the contractual amount of these items. Collateral or other security is normally not obtained for these financial instruments prior to their use and many of the commitments are expected to expire without being used.

PAGE INTENTIONALLY LEFT BLANK

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders
West Shore Bank Corporation
Ludington, Michigan

Opinion

We have audited the consolidated financial statements of West Shore Bank Corporation, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income (loss), changes in stockholders' equity, and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of West Shore Bank Corporation as of December 31, 2023 and 2022, 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 Audit of the Financial Statements section of our report. We are required to be independent of West Shore Bank Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in the year-ended December 31, 2023, West Shore Bank Corporation adopted new accounting guidance ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the 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 West Shore Bank Corporation's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the 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 an audit 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.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Shore Bank 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 West Shore Bank Corporation's ability to continue as a going concern for a reasonable period of time.

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

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information is comprised of West Shore Bank Corporation's Core Values, Financial Highlights, the President's Letter and disclosure of West Shore Bank Corporation's directors, officers and locations but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Crowe LLP

Crowe LLP

Grand Rapids, Michigan
March 22, 2024

WEST SHORE BANK CORPORATION

Officers

Dennis B. McCarthy
Chairman

Raymond A. Biggs
President, CEO and Secretary

Shareholder Relations

Margaret L. Carney
Executive Assistant
Shareholder Relations

Transfer Agent and Registrar

Continental Stock Transfer & Trust Company
1 State Street, 30th Floor
New York, NY 10004-1561
800.509.5586
cstmail@continentalstock.com

WEST SHORE BANK

Directors

Dennis B. McCarthy, Chairman
President, Blarney Castle Oil Co.
Bear Lake

Raymond A. Biggs
President and CEO, West Shore Bank

Michael G. Dery
Owner, MGD Technologies
General Manager, RCO Engineering
Richmond

Andrea D. Large
Executive Director
Community Foundation for Mason County
Ludington

Bruce A. Lowing
Former CEO and President
Hardman Construction, Inc.
Ludington

Jeanne S. Oakes
Former Executive Director
Community Foundation for Mason County
Ludington

John K. Wilson
CEO and Chairman, Western Land Services
Ludington

Senior Officers

Perry T. Adams
Senior Vice President
Director of Wealth Management

Raymond A. Biggs
President and CEO

John M. Clark
Senior Vice President
Senior Lending Officer

Jeremy M. Holmes
Senior Vice President
Chief Operating Officer

Mary A. Mrozinski
Senior Vice President
Chief Brand & Digital Officer

Daniel J. Stahl
Senior Vice President
Credit Officer

Sidney C. Van Slyke
Senior Vice President
Market Leader – Grand Traverse County,
Managing Director of Wealth Management

Wealth Management & Private Client

Perry T. Adams
Senior Vice President
Director of Wealth Management

Maddy M. Ambrose
Financial Advisor
Investment Services

Brian E. Eggleston
Vice President
Private Banking

Debra L. Kinnaird
Vice President
Private Banking

Michael B. Newman
Senior Trust Administrator
Wealth Management

Ryan D. Sterkenburg
Vice President
Senior Wealth Administrator

Sidney C. Van Slyke
Senior Vice President
Market Leader – Grand Traverse County,
Managing Director of Wealth Management

Deane R. Western
Financial Advisor
Investment Services

Finance & Human Resources

Carrie C. Smith
Vice President
Human Resources

Tyler T. Tuma
Vice President
Controller

Commercial Lending

John M. Clark
Senior Vice President
Senior Lending Officer

Robert M. Fisher II
Vice President
Commercial Lending

Michael E. Jeruzal
Vice President
Commercial Lending

Darla J. Jones
Vice President
Commercial Lending

Ryan C. Popa
Vice President
Commercial Lending

Jordan D. Solowiej
Vice President
Commercial Lending

Lori M. VanAntwerp
Vice President
Commercial Lending

Damon L. Tondu
Assistant Vice President
Commercial Lending

Adam R. Sheren
Commercial Portfolio Manager
Commercial Lending

Mortgage Lending & Consumer Lending

Jeremy M. Holmes
Senior Vice President
Chief Operating Officer

Daryl Pieczynski
Vice President
Indirect Lending

Thomas J. Riedel
Vice President
Underwriter

Linda M. Royal
Vice President
Mortgage Loan Originator

James E. Virden
Vice President
Mortgage & Consumer Lending

Mary K. Wilkosz
Vice President
Mortgage & Consumer Lending

Laurie A. Fortine
Assistant Vice President
Mortgage Loan Operations

Christopher E. Griffin
Assistant Vice President
Mortgage & Consumer Lending

Branch Administration, Deposit Operations & Training

Jeremy M. Holmes
Senior Vice President
Chief Operating Officer

Janet L. Duchon
Vice President
Manistee Market

Christine M. Lamb
Vice President
Ludington Market

Nancy J. Sanford
Assistant Vice President
Retail Banking – Scottville

Elizabeth A. Clark
Branch Supervisor
Retail Banking – Traverse City

Sheila K. Cornell
Officer
Retail Banking – Parkdale/Onekama

Amber L. Hawke
Officer
Deposit Operations

Jackie K. Reamer
Officer
Training

Sherry L. Waller
Officer
Retail Banking – Hart

Commercial Credit Services

Daniel J. Stahl
Senior Vice President
Credit Officer

Sherry J. Wyman
Assistant Vice President
Security Officer

Tonya L. Goslee
Credit Administration Officer

Melissa Y. Griffis
Loss Mitigation Officer

Brianna M. Lindbloom
Compliance Officer

Marketing, Information Technology & Customer Care

Mary A. Mrozinski
Senior Vice President
Chief Brand & Digital Officer

John A. Dahlberg
Vice President
Information Technology

Alison J. Haller
Vice President
Marketing

Leah M. Holmes
Vice President
Customer Care

Treasury Management & Information Technology

Mary A. Mrozinski
Senior Vice President
Chief Brand & Digital Officer

Noah M. Windbacher
Assistant Vice President
Treasury Management

Tina M. Friese
Treasury Management

CONTACT INFORMATION

Toll Free

(888) 295-4373

Online

westshorebank.com

WEST SHORE BANK OFFICE LOCATIONS

Full Service Offices

Frankfort Office
501 Main Street
PO Box 1009
Frankfort, MI 49635-1009
(231) 352-9655

Hart Office
4070 W. Polk Road
Hart, MI 49420-8172
(231) 873-1400

Ludington – Downtown Office
201 W. Loomis Street
PO Box 627
Ludington, MI 49431-0627
(231) 845-3500

Ludington – East Office
5725 W. US Highway 10
Ludington, MI 49431-2451
(231) 845-3500

Manistee – Parkdale Office
415 Parkdale Avenue
Manistee, MI 49660-1133
(231) 723-1800

Manistee – South Office
306 Cypress Street
Manistee, MI 49660-2918
(231) 723-5900

Onekama Office
4945 Main Street
PO Box 178
Onekama, MI 49675-0178
(231) 309-5150

Scottville Office
107 W. State Street
Scottville, MI 49454-1162
(231) 757-4751

Traverse City
400 E. Eighth Street
Traverse City, MI 49686
(231) 346-1515

Specialty Service Offices

Muskegon Office
Commercial, Mortgage
& Wealth Management
800 Ellis Road, #579
Muskegon, MI 49441-6251
(231) 332-4250

WEST SHORE BANK

201 West Loomis Street
PO Box 627
Ludington, MI 49431

westshorebank.com

Equal Housing Lender | Member FDIC