TREASURER'S REPORT

LOC Credit Union ended its 90th year serving members in a strong financial position while maintaining both delinquency and charge-off ratios well below industry averages and our peers.

While at yearend loans decreased by almost $1.5 million compared to December 31, 2024, this was due to a one-time $6.7 million loan reclassification to other assets. When you exclude this adjustment, loans increased $5.3 million during 2025. This growth is comparable to 2024 and occurred organically by members taking advantage of LOC's popular home equity and vehicle loan pricing.

Vehicle loan fundings totaled nearly $36 million for 2025, up from $25 million in 2024. The market continued to be extremely competitive for new vehicles with attractive pricing offered by the auto manufacturers' financing arms. The Credit Union maintained a strong rate position compared to our local competition, and during the summer months, provided a $200 cash back incentive to encourage members to refinance auto loans held elsewhere to LOC Credit Union. This incentive resulted in $9.7 million from 302 refinanced loans.

The Credit Union also achieved another record year for home equity line extensions and loans funded for 2025, totaling more than $40.1 million compared to $30.3 million in 2024. Both the fixed-term and line of credit products experienced record volumes for 2025. LOC Credit Union's product is unique in the marketplace in that we don't price based on credit score; rather, the Credit Union uses lien position and loan-to-value (LTV).

First mortgage originations totaled $3.8 million, which was down from $12.8 million in 2024. The lack of housing inventory, continued high interest rates, and economic uncertainty remained a challenge in the real estate sector. The Credit Union also transitioned its mortgage partner in mid-2025, which will allow LOC to provide more competitive pricing as rates come down and the market shifts to one that is more favorable for buyers.

Member deposit balances grew by 3.4%, an increase of $13.7 million for 2025. Deposit growth helped increase assets by 4.5%, or $21.1 million, to end the year at nearly $467 million. During 2025, LOC Credit Union continued to offer our members attractive rates on short-term Certificates to remain competitive with our local market while maintaining rates on our Money Fund account.

For 2025, we issued 18,616 loans representing more than $83 million. This brings our total loans outstanding to nearly $253 million.

At the end of 2025, the Credit Union remained well-capitalized, while also increasing its net worth ratio to 10%. These efforts helped LOC Credit Union maintain BauerFinancial's highest five-star rating for financial strength and stability all through 2025. This is the highest rating a credit union can receive and denotes the highest level of banking performance. This rating by BauerFinancial highlights that the institution is safe, financially sound, and operating well above its regulatory capital requirements.

LOC Credit Union serves almost 30,000 member accounts. I would like to extend appreciation to our members for continuing to trust us as your lender of choice when it comes to your borrowing needs, and as your safe and sound depository institution.

David Drake
Treasurer

AUDIT COMMITTEE REPORT

It is the bylaw-mandated function of this committee to carry out a financial statement audit by a licensed firm. This was accomplished through the services of the experienced auditing firm of Doeren Mayhew, as of September 30, 2025. It is the unanimous opinion of this committee that the statements contained in the report fairly represent the condition of the Credit Union at this time, and further that it continues to be operated in a sound and professional manner.

2025 COMMUNITY & VOLUNTEER SUPPORT

Livingston County:

- Brighton Farmer's Market: Light Post Banner & Flower Day Family Activity Sponsor
- Hartland Chamber Polo Classic
- Brighton Kiwanis Club Concerts & Car Show
- Howell Chamber of Commerce: Fantasy of Lights Parade Reindeer Sponsor
- Hartland Cromaine Library: Summer Concert Series
- Livingston County First Responders Golf Outing
- Vet Life Vet Fest
- Brighton, Hartland, and Howell Schools Athletic Business Club
- Hartland Ice House Sponsor: 2017 Hockey Team Club Sponsor
- Howell Parks and Recreation: Legend of Sleepy Howell
- Brighton Area Chamber: Holiday Glow Reindeer Game Sponsor
- City of Brighton: Holiday Tunnel of Lights
- St. Patrick's School: Bronze Gymnasium Sponsor

Oakland County:

- City of Farmington: Farmers & Artisans Market & Haunted Farmer's Market
- Farmington DDA: Rhythms in Riley Park
- Xemplar Club Golf Classic
- Farmington Founders Festival: LOC 5K Color Run
- Farmington Library: Summer Reading Program Sponsor
- Farmington Optimist Club: Golf Outing Sponsor
- CARES and Downtown Farmington: Duck Race & Family Fun Day
- North Farmington & Farmington High School: Athletic Field Sponsorships
- Farmington/Farmington Hills Police & Fire Benevolent Golf Outing
- Farmington Education Foundation: Toast of Education

Wayne County:

- Dearborn Chamber: Alberta Muirhead Teacher of the Year Student's Choice Awards
- Exchange Club: Bourbon & Beef Gala
- Dearborn Schools: Sports Calendar & Sponsorship Ad
- Dearborn Chamber of Commerce: Taste of Dearborn
- Kiwanis: Turtle Derby at Homecoming
- Dearborn Symphony Program Sponsor
- Dearborn Education Foundation: 25+ Club Banquet Sponsor
- Dearborn Public Schools: Welcome Back Picnic & Golf Outing Beverage Cart Sponsor
- Dearborn Goodfellows: Smoke on the Grill Family Picnic
- West Dearborn DDA: Jingle Bell Bash
- Children's Hospital Foundation of Michigan: Festival of Trees

THE OFFICIAL TEAM

Board of Directors

Paul Renko, Chairman
Michael Lasley, Vice Chairman
Ann Schroeder, Secretary
David Drake, Treasurer
Natalie Clemons
Michael Connolly
Betty Richards
Paul Hain
Paul Wydendorf

Audit Committee

Betty Richards, Chairwoman
Kurt David
Jon Vondrasek

Senior Leadership

Stephen P. Grech, President/CEO
Jon Elliott, Senior Executive Vice President
Kari Ciaramitaro, Executive Vice President, Finance & Accounting
Christena Koester, Executive Vice President, Technology
Darin Bentley, Vice President, Chief Information Officer
Marc Buchanan, Vice President, Chief Experience Officer
Stephen Dedene, Vice President, Compliance and Risk
Kim Hagstrom, Vice President, Chief Financial Officer

800.837.4562
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BRIGHTON | 1025 E. Grand River Avenue | Brighton, MI 48116
DEARBORN | Chase | 6246 Chase Road | Dearborn, MI 48126
DEARBORN | Telegraph | 1050 N. Telegraph Road | Dearborn, MI 48128
FARMINGTON | 22981 Farmington Road | Farmington, MI 48336
HOWELL | 3020 E. Grand River Avenue | Howell, MI 48843
HARTLAND | 10002 Highland Road | Hartland, MI 48353

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loc CREDIT UNION

ANNUAL REPORT

FOR YEAR ENDING DECEMBER 31, 2025

CHAIRMAN'S REPORT

In 2025, LOC Credit Union celebrated the 90th anniversary of the founding of Fordson Teachers' Credit Union. In 1935, a small group of individuals joined together to begin a financial cooperative with a mission to provide financial services to educators and school employees. Similarly, 2025 also marked the 75th anniversary of the establishment of the Farmington Township School Employees Federal Credit Union whose 10 founders also had a similar mission. LOC Credit Union is the legacy of both these institutions with a combined 165 years of service to its members, which was celebrated in August with several promotional offers and member giveaways. Credit Unions are owned and operated by its members with a strong focus on putting them first. This translates into overall lower fees, better rates and a strong focus on member service.

Member service was at the forefront of many initiatives in 2025. Significant progress was made to address branch facilities in Dearborn and Hartland in addition to ongoing improvements at the Farmington headquarters to enhance the back office areas for team members.

As it relates to Hartland, LOC Credit Union acquired property along M-59 in front of the Shoppes at Waldenwood to construct a new stand-alone branch location. The Credit Union first opened in Hartland in 2007. This new location, expected to open in December 2026, provides better visibility and improved parking in addition to adding a drive-thru, a drive-up ATM and private offices for those transactions of a more sensitive nature.

Towards the end of 2025, the Credit Union also secured lease space in a redevelopment along Greenfield Rd., just south of Paul Ave. to relocate our branch on Chase Rd. This new space is about one-half mile away from the existing branch location. When it opens in April 2026, members will enjoy a walk-up, deposit-taking ATM, more private offices and a modern/up-to-date space to conduct transactions. In addition to maintaining the Credit Union's commitment to Dearborn, what's most exciting about this location is the increased foot traffic the Credit Union hopes to see given the types of businesses that will surround the branch in this development.

Other member service enhancements made in 2025 include increased daily point-of-sale (POS) limits for debit cards, the relaunch of the Secure Checking (now known as Premier Checking) product to include additional benefits, a new mortgage partnership with Member First Mortgage, continued streamlining of our lending experience, a revamped card transaction dispute process, and additional efforts to automate processes and leverage technology to improve how our members and team members interact with the organization. This is in addition to several loan and CD specials members took advantage of in 2025.

Behind the scenes, IT infrastructure continued to be a priority, as it has in the last several years. Protecting and safeguarding member information as well as the organization's internal network is of utmost importance for members who trust the Credit Union for their financial business. In 2025, LOC implemented a new cloud-based, high availability server, and brought monitoring tools in-house.

During 2025, the Credit Union continued efforts to further develop a comprehensive fraud strategy. These included increased member communication with the launch of the quarterly Fraud Fighter e-newsletter, a Fraud Lunch and Learn session for members, the formation of an internal fraud steering committee, implementation of tools to help front-line team members identify check fraud and a revamped third-party vendor management program.

Finally, in 2025, LOC Credit Union expanded its community outreach in terms of both financial support and volunteer efforts. A list of these—by county—is included in this report.

The Credit Union's strong financial position was further enhanced as evidenced by robust organic asset growth of $21.1 million and record net income of $4.2 million translating to a Return on Average Assets (ROAA) of 0.93%. This performance was fueled by strong participation and demand for the Credit Union's relevant product and service offerings.

As I close my first year as LOC Credit Union Board Chair, I would like to express my appreciation to my colleagues on the Board of Directors, who serve on a volunteer basis. It's worth noting that the average length of service for LOC Credit Union's Board of Directors is 13+ years, which illustrates their level of commitment to the organization and its members.

Last but certainly not least, I would like to thank the entire LOC Team for their commitment to providing outstanding member service whether it be in person, over the phone or in ensuring the Credit Union's remote banking options deliver an exceptional experience. The proof is in the numbers, and that number for LOC is 4.7 out of 5. The Credit Union's Google Branch Business Listing ratings are all 4.7 or higher, member satisfaction for the service they receive over the phone in 2025 was 4.7, and mobile app ratings on Apple and Google are 4.7 or higher—all suggesting members are highly satisfied.

Many thanks for your continued membership in LOC Credit Union. We appreciate your business and letting us be part of your financial future.

Sincerely,

Paul Renko
Board Chairman

Financial Report as of December 31, 2025

Balance Sheet

Assets	**2025**	**2024**
Loans	$253,328,739	$254,807,097
Allowance for Credit Losses	(940,051)	(1,046,287)
Cash	3,157,236	3,821,408
Investments	181,257,787	163,918,108
Other Assets	30,237,841	24,436,543
Total Assets	**$467,041,552**	**$445,936,869**
Liabilities & Equity		
Member Shares	$251,412,478	$255,843,774
Share Drafts	98,975,472	93,865,180
IRAs	3,610,267	4,106,034
Certificates	63,194,845	49,694,400
Other Liabilities	5,185,114	5,372,514
Reserves	2,022,782	2,022,782
Undivided Earnings	44,622,212	40,393,457
Other Comprehensive Income	(1,981,618)	(5,361,272)
Total Liabilities & Equity	**$467,041,552**	**$445,936,869**

Statement of Income and Expenses

Income	**2025**	**2024**
Interest on Loans	$14,113,447	$13,125,842
Income From Investments	5,820,350	4,752,870
Other Income	4,486,263	4,347,827
Total Income	$24,420,060	$22,226,539
Expenses		
Employee Compensation & Benefits	$8,409,388	$7,798,769
Cost of Space	882,190	779,879
Office Operations	1,693,909	1,503,265
Professional & Outside Services	2,845,088	2,601,936
Marketing	605,343	452,886
Other Expenses	2,419,829	2,279,012
Total Expenses	$16,855,747	$15,415,747
Non-operating Income (Loss)	$16,171	($10,174)
Net Earnings Before Dividends	$7,580,484	$6,800,618
Distribution of Earnings		
Reserves	$0	$0
Dividends	$3,351,729	$3,007,912
Undivided Surplus	$4,228,755	$3,792,706
Statistical		
Number of Accounts	29,288	29,389
Number of Loans Made	18,616	18,367
Amount Loaned	$83,469,357	$77,142,820
Delinquent. Loans	$1,086,751	$897,003
Increase (Decrease) in Assets	$21,104,683	$10,994,791
Increase (Decrease) in Loans	($1,478,358)	$5,140,323