

140 Ice Den • A Brighter Way • AACTA • AAUW Ann Arbor Branch • Abbot Elementary School PTO • Active Against ALS • AHEPA Chapter 195 • Alpha House • American Cancer Society • American Heart Association • Angell School PTO • Ann Arbor Film Festival • Ann Arbor Fun Festival • Ann Arbor Hands on Museum • Ann Arbor Housing Development • Ann Arbor It Takes a Village • Ann Arbor Public Schools • Ann Arbor Rotary Foundation • Ann Arbor Rowing Club • Ann Arbor Spark • Ann Arbor Street Fair • Ann Arbor Student Building Industry Program • Ann Arbor Summer Festival • Ann Arbor Symphony • Ann Arbor Velo Club • Ann Arbor Youth Mountain Bike Team • Ann Arbor/Ypsilanti Regional Chamber • Asian Pacific American Chamber of Commerce • Avalon Housing • Bach PTO • Bennett's Beavers • Best Buddies • Beverly Hills Lions Club Charities • Big Brothers Big Sisters of Washtenaw County • Big Hearts for Seniors • Birmingham Bloomfield Art Center • Birmingham Little League • Birmingham Shopping District • Birmingham/Bloomfield Chamber • Bound Together • Boy Scouts of America • Breakfast at St. Andrew's • Brighton Area Schools • Bryant Pattengill PTO • Building Up • Cancer Support Community Greater Ann Arbor • Canines for Change • Canton Chamber of Commerce • Care House of Oakland County • Carl & Joanne Foundation • Catholic Social Services • Catholic Foundation of Michigan • Celani Family Foundation • ChadTough Defeat DIPG Foundation • Chaldean American Chamber of Commerce • Chaldean Community Foundation • Children's Literacy Network • Christ the King • City of Ann Arbor • City of Birmingham • City of Plymouth • Cleary University • Clinton Township Kiwanis Club • Common Bond Basketball • Common Ground • Comer Health Center • Covenant House Michigan • Creative Washtenaw • Cure Multiple Myeloma • Detroit Telugu Association • DeWitt Wrestling Club • Dexter Baseball • Dicken PTO • Dixboro Village Green • Earl Farm Foundation • Educate Youth • Education Excellence Foundation • Emerson School • Family Services of Michigan • Fair Housing Center • Fair Housing Foundation • Exceptional Journeys • Fair Housing Center • FAR Therapeutic Arts & Recreation • Father Gabriel Richard High School • Fleece & Thank You • Food Gatherers • Foundation for Saline Area Schools • Foundations Preschool of Washtenaw County • Fowlerville Business Association • Fowlerville Rotary Golf Classic • Freedom River • Friends In Deed • Fund A Life • Garrett's Space • Girls Group • Good Morning USA Fourth of July Parade • Grand Circus Park Conservancy • Greater Brighton Area Chamber of Commerce • Grievewell • Groundcover News • Growing Hope • Habitat for Humanity of Oakland County • Habitat for Humanity of Huron Valley • Habitat for Humanity of Livingston County • Haisley Elementary School PTO • Hamburg Enhanced Recreation Organization • Hartland Area Chamber of Commerce • Hartland Athletics • Hartland Enrichment and Recreation Organization • Hartland High School • Hartland High School Football • Hartland Senior Activity Center • Haven Homes of Detroit • Haven House • Hebrew Day School of Ann Arbor • Hope Medical Clinic • Hospice of Michigan • Hot Pink Helpers • House N2 Home • Housing Bureau for Seniors • Howell Area Chamber of Commerce • Howell Area Historical Society • Howell Area Junior Football League • Howell Education Foundation • Howell High School Athletics • Howell Main Street • Howell Parks and Recreation • Howell Rotary Foundation • Howell Scholarship Awards • Humane Society of Huron Valley • Huron Science Olympiad • Indus Center for Academic Excellence • Intentional Communities of Washtenaw • JDRF • Jewish Community Center of Greater Ann Arbor • Jewish Family Services of Washtenaw County • Jewish Federation of Greater Ann Arbor • Jim Toy Community Center • John E. Lawrence Community Concerts • Judson Center • Julianna's Wishes • Kappa Foundation • Kill's Tae Kwon Do Center • Kiwanis Club of Ann Arbor • Kiwanis Club of Colonial Plymouth • Kiwanis Club of Ypsilanti •

Helping others...

bank^{of}
ann arbor

Member FDIC

... helps all.

DEAR FELLOW SHAREHOLDERS:

Community. To us, it's everything.

AT BANK OF ANN ARBOR, WE FIRMLY BELIEVE STRONG COMMUNITIES ARE THE BEDROCK OF A STRONG BANK. To a great degree, our success is directly linked to the prosperity and vibrancy of the communities we serve.

Bank of Ann Arbor proudly supports customers, homebuyers, investors, entrepreneurs, businesses, nonprofits, and charities. We lend a helping hand to preschools, senior centers, healthcare facilities, homeless shelters, and animal shelters. We provide important financial support to sports teams and theaters, symphony orchestras and ice festivals, summer music festivals and tech symposiums, for cancer research and environmental preservation. In fiscal year 2024, we continued to provide much needed support in our communities while having our own success as a bank.

Strong communities are the bedrock of a strong bank.

IN 2024, OUR EARNINGS REACHED \$45.9 MILLION, AN ALL-TIME HIGH and an increase of 2.3% over the prior year. The outstanding effort of our entire team of the World's Best Bankers, who faced significant challenges throughout the year, made it happen. The board recognized the strength in earnings, capital position, and overall performance of the bank and approved a dividend of \$2.75 per share, a 10% increase over 2023.

Our colleagues at the bank were laser-focused on growing revenue, maintaining strong credit quality, and carefully managing operating expenses to offset growth in interest expenses, which increased by \$16.2 million, or 43.5%, over the prior year.

2024 earnings: \$45.9 million, our most ever.

Our Commercial Lending Group, with support from our Trust and Investment Management Group, helped power year-over-year revenue growth of \$17.4 million. By any standard, it was an excellent year for both groups.

Commercial fee income increased by 13%.

Our Commercial team increased average outstanding loans in the portfolio by \$94 million to \$1.938 billion. Fee income increased 13%, or nearly \$500,000, to an all-time high of \$4.4 million. These exemplary results were made possible by 3,706 client calls, 1,850 prospect calls, 1,453 centers-of-influence calls, and by attending 1,180 outside functions. Investing time and energy in these ways leads to stronger client relationships and greater use of other products and services offered by the bank. We are proud of our lending team and their outward marketing efforts, and the ironclad relationships they've forged with their client base.

The board approved a dividend of \$2.75 per share, 10% higher than last year.

IN 2024, OUR TRUST AND INVESTMENT MANAGEMENT TEAM ACHIEVED RECORD REVENUE OF \$10.8 MILLION, a 12% increase over the prior year. Total assets eclipsed \$2.5 billion thanks to 41 new clients and their \$88 million in assets. In addition, \$29 million in new assets came from existing clients. In 2024, we introduced enhanced financial planning software tools that enables us to generate real-time scenario analysis. We continue to scale our investment management process and increase efficiency and tactical flexibility. Our fiduciary practice generated more than \$460,000 in estate settlement revenue, an increase of 138% over the prior year and a record high. The group's focus continues to be on comprehensive wealth management for every aspect of our clients' financial lives.

We continue to outperform the industry on many credit metrics.

UNIFI EQUIPMENT FINANCE, OUR WHOLLY OWNED SUBSIDIARY specializing in small-ticket equipment financing, generated record-level earnings for the fifth consecutive year of more than \$3.5 million. The line of credit we extended to UniFi added \$9 million in interest income to the bank. UniFi generated an all-time high in new lease originations of \$142 million, a \$38 million increase from the prior year. Credit quality at UniFi continues to shine. Their past due leases and net charge-offs significantly outperform the overall equipment finance industry. The team at UniFi is firing on all cylinders.

For the fifth straight year, UniFi's earnings were higher than the year before.

Effectively managing the credit quality of the bank's loan portfolio continues to help make our exceptional performance possible as we continue to outperform the industry on many important credit metrics. According to the most recent publicly available reports from the FDIC, Bank of Ann Arbor had past due loans (noncurrent loans to total loans) of just 0.20% compared to 0.98% for all banks in the United States. Improving economic and lower interest rate forecasts resulted in a lower provision for credit losses, known as Current Expected Credit Losses (CECL). This resulted in higher earnings in 2024.

OUR EFFICIENCY IN MANAGING OPERATING EXPENSES CONTINUES as indicated by our efficiency ratio, a leading banking metric measuring how much it costs to generate one dollar in revenue. Our ratio, at 52.67%, is in the top 10% of all Michigan banks and 15% of all U.S. banks. In 2024, we focused on growing revenue, maintaining exceptional credit quality, and shrewdly managing operating expenses. We succeeded. The bank continues to be highly profitable and high performing. The FDIC recently determined our ratio of profitability, the return on assets, to be 1.58%, which is 41% better than the entire industry's 1.12%.

We're well prepared for the challenges 2025 could bring.

IN 2025, WE ANTICIPATE A DYNAMIC FINANCIAL LANDSCAPE IMPACTED BY SEVERAL FACTORS. Moderate growth of the broader economy will be driven by consumer spending and business investments. Interest rates are projected to stabilize, making for a more predictable environment for both borrowers and lenders. While the new administration's policies of less business regulation will be good for the banking industry, there has been an uptick in inflation expectations driven by concerns regarding the impact of tariffs and a possible global trade war. At Bank of Ann Arbor, we're well prepared to adapt to these changes to ensure we continue to meet the needs of our clients and communities effectively.

CONGRATS TO OUR WORLD'S BEST BANKERS for successfully responding to every challenge 2024 presented. And much thanks to our board of directors, shareholders, clients, and members of each of the communities we serve. We look forward to working together to deliver a strong performance again in 2025. Thank you for your continued support and trust in our vision.

Sincerely,
Tim and Bill



Timothy G. Marshall
President & CEO

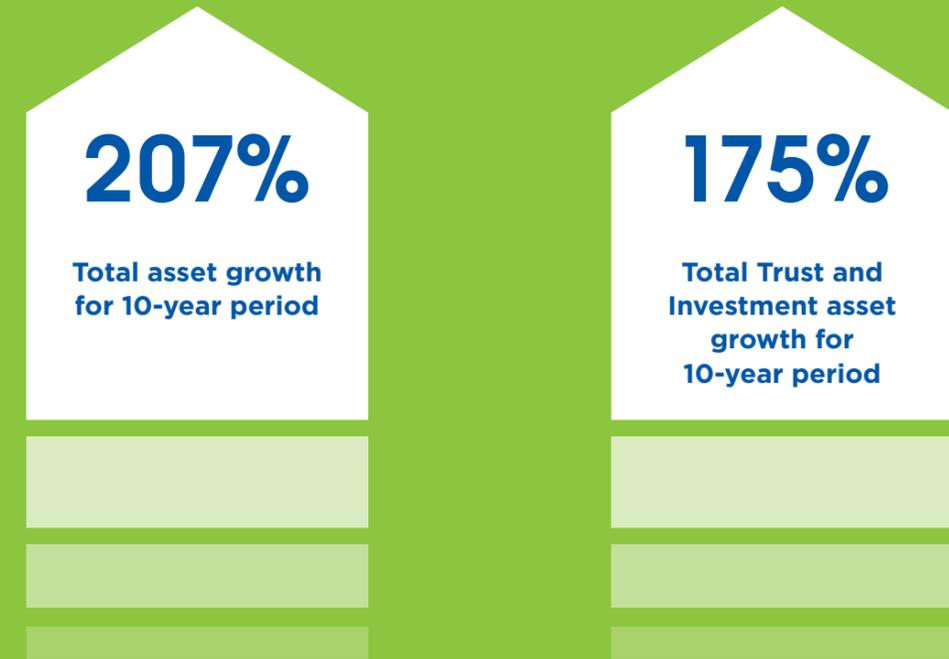


William C. Martin
Chairman of the Board

STOCK VALUE



ASSETS



2024 RETURN ON ASSETS COMPARISON



Industry comparisons as of 12/31/24

2024 EFFICIENCY RATIO



Industry comparisons as of 12/31/24

CONSOLIDATED BALANCE SHEETS, DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Cash and due from banks	\$ 152,639	\$ 184,644
Interest-bearing time deposits with other financial institutions, at fair value	952	1,386
Securities available-for-sale, at fair value (amortized cost \$131,495 and \$105,590)	125,309	98,012
Securities held-to-maturity, net of allowance for credit losses of \$500 and \$265 (fair value 2024 - \$151,772 2023 - \$189,183)	165,536	204,896
Equity securities, net	9,217	10,664
Loans held for sale	1,743	158
Loans, net of allowance for credit losses of \$28,223 and \$24,935 as of December 31, 2024 and 2023, respectively	2,501,167	2,386,728
Federal Home Loan Bank stock, at cost	9,217	8,381
Premises and equipment, net	33,505	26,934
Cash surrender value of life insurance	78,440	62,714
Other real estate owned (OREO)	2,596	344
Goodwill	70,529	70,529
Core deposit intangible, net	1,548	2,275
Accrued interest receivable and other assets	36,082	35,697
TOTAL ASSETS	\$ 3,188,480	\$ 3,093,362
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Non-interest bearing	\$ 762,707	\$ 839,894
Interest bearing	1,826,690	1,709,457
Total deposits	2,589,397	2,549,351
Federal Home Loan Bank advances	60,000	60,000
Repurchase agreements	64,618	50,503
Subordinated debentures, net	79,511	79,244
Accrued expense and other liabilities	31,642	25,744
Total liabilities	2,825,168	2,764,842
Shareholders' equity		
Preferred stock, series A, \$1,000 par value; 2,650 shares authorized; no shares issued and outstanding at December 31, 2024 and 2023, no liquidation value	—	—
Preferred stock, series B, \$10,000 par value; 2,000 shares authorized; 1,339 shares issued and outstanding at December 31, 2024 and 2023, liquidation value of \$13,390 at December 31, 2024 and 2023	13,390	13,390
Common stock, no par value; 10,000,000 shares authorized; \$3,403,627 and 3,445,145 shares issued and outstanding at December 31, 2024 and 2023	191,102	195,949
Retained earnings	168,345	130,952
Accumulated other comprehensive loss	(9,525)	(11,771)
Total shareholders' equity	363,312	328,520
TOTAL LIABILITIES AND SHAREHOLDER EQUITY	\$ 3,188,480	\$ 3,093,362

Dollar amounts in thousands except per share data.

CONSOLIDATED STATEMENTS OF INCOME, YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Interest income		
Loans, including fees	\$ 154,462	\$ 134,593
Securities:		
Taxable	6,518	6,912
Tax exempt	460	495
Other	6,728	9,351
	168,168	151,351
Interest expense		
Deposits	46,955	31,916
Federal Home Loan Bank advances	1,811	1,532
Subordinated debentures, net	2,780	2,770
Repurchase agreements	1,885	1,010
	53,431	37,228
Net interest income	114,737	114,123
Provision for credit losses – loans	2,402	7,930
Provision for credit losses – unfunded commitments	(313)	(2,770)
Provision for credit losses – securities available for sale	(242)	525
Provision for credit losses – securities held to maturity	235	265
Credit loss expense	2,082	5,950
Net interest income after provision for credit losses	112,655	108,173
Noninterest income		
Service charges on deposit accounts	1,130	1,172
Income from fiduciary activities	10,848	9,675
Net gains on sales of loans held for sale	509	266
Net gains on sales of OREO	260	394
Impairment of equity securities	(1,500)	—
Other	7,469	6,607
	18,716	18,114
Noninterest expense		
Salaries and employee benefits	43,757	41,884
Occupancy and equipment	7,298	7,235
Marketing and business promotion	3,656	3,223
FDIC expense	1,410	1,294
Other	17,208	16,927
	73,329	70,563
Income before income tax expense	58,042	55,724
Income tax expense	11,472	10,207
Net income	46,570	45,517
Preferred stock dividends	670	670
Net income available to common shareholders	\$ 45,900	\$ 44,847
Basic earnings per share	\$ 13.42	\$ 13.02
Diluted earnings per share	12.54	12.16

Dollar amounts in thousands except per share data.

BOARD OF DIRECTORS

Joshua T. Borders
Vice President of Mortgage Lending,
Independent Bank

Stanley B. Dickson, Jr.
President,
Dickson & Associates, P.C.

Jan L. Garfinkle
Founder & Managing Director,
Arboretum Ventures

Timothy G. Marshall
President & Chief Executive Officer,
Bank of Ann Arbor

Michael C. Martin
President,
First Martin Corporation

William C. Martin, Chairman
Athletic Director Emeritus,
University of Michigan

Ernest G. Perich
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Perich + Partners, Ltd.

David R. Sarns
Managing Partner,
360 Advisors, LLC

Joseph A. Sesi
President & Owner,
Sesi Motors, Inc.

Michael T. Tirico
Host & Play-by-Play,
NBC Sports Group

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Vice President Emeritus,
University of Michigan

Directors Emeritus

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Midtown Group, Inc.

Richard P. Eidswick
Founding Director,
Arbor Partners

Jan Barney Newman
Trustee,
Ann Arbor District Library Board

Richard N. Robb, DDS
Regent Emeritus,
Eastern Michigan University

Jeffrey S. Williams
Chairman of the Board,
Strata Oncology, Inc.

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John C. Hamaty
President,
Vibra-Tite

Brian J. Hunter
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Fenner Melstrom & Dooling PLC

Thomas F. Murray
President,
Stratadyne, LLC

Alison R. Orlans
President &
Chief Executive Officer,
Orlans Group

Bernd M. Ronnisch
President,
Ronnisch Construction Group

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Corrigan Oil

Ronald L. Long
Principal,
DriBond Concrete Overlay
Solutions, LLC

Philip C. Utter
Retired President & Owner,
Specialty Contract Carriers, Inc.

R. Michael Yost
Retired CEO, MPY Group, LLC
Retired Managing Director,
The Auto Club Group

OFFICE LOCATIONS

Ann Arbor
125 South Fifth Avenue
801 West Ellsworth Road
2204 West Stadium Boulevard
2601 Plymouth Road, Suite A

Birmingham
33583 Woodward Avenue

Brighton
8080 Challis Road
9911 East Grand River Avenue

Fowlerville
760 South Grand Avenue

Hartland
10700 East Highland Road

Howell
101 East Grand River Avenue
4299 East Grand River Avenue
2400 West Grand River Avenue

Plymouth
1333 West Ann Arbor Road

Saline
179 East Michigan Avenue

Whitmore Lake
9775 M-36

Ypsilanti
7 West Michigan Avenue

COMMERCIAL SERVICES

Birmingham
34100 Woodward Avenue,
Suite 200

Farmington Hills
33533 West 12 Mile Road,
Suite 152

The value of helping our
community never ends.

Kiwanis Foundation of Brighton • LACASA • Lakes Area Chamber of Commerce • Lawrence Technological University • Legacy Center • Legacy Land Conservancy • Letterwinners M Club • Library of Michigan Foundation • Limited Edition Baton Team • Lincoln Athletics • Livingston Arts Council • Livingston County 4-H Council • Livingston County Catholic Charities • Livingston County Community Alliance • Livingston County First Responders Benevolent Fund • Livingston County Spartans • Livingston County United Way • Livingston Sunrise Rotary Foundation • Livingston Teacher Scholarship • Lori's Hand • Lower Town Riverfront Conservancy • Main Street Area Association • Maison Z. Wilkinson Memorial Scholarship Fund • Many Hands Lifesharing Community • Margaret L. Waterman Alumnae Group • Marquee Arts • Matrix Human Services • Metro Food Rescue • Michigan Animal Rescue League • Michigan ElvisFest • Michigan Flight Museum • Michigan Founders Fund • Michigan Humane Society • Michigan League of Conservation Voters • Michigan Philharmonic • Michigan Psychoanalytic Foundation • Michigan WWII Legacy Memorial • Milan Area Schools Volleyball • Milan High School • Miles Jeffrey Roberts Foundation • MiSide • NAFA Tournament • Neutral Zone • New Morning School • Next • Northfield Township Community Center • Novi Rotary Foundation • Oakland Literacy Council • Oakland Livingston Human Service Agency • Ozone House • Peace Neighborhood Center • Pioneer Athletic Booster • Pioneer High School Robotics • Pioneer High School Theatre Guild • Pioneer Orchestra Parent Society • Plymouth Community Chamber of Commerce • Plymouth Community Council on Aging • Plymouth High School • Plymouth Historical Society • Plymouth Oratoria Society • Plymouth Rotary Golf Classic • PTD Productions • Reaching Higher • Real Agape • Recycle Ann Arbor • Riverside Arts Center • Rochester Rotary Charities • Ronald McDonald House Charities A2 • Rotary Club of Plymouth AM • Rudolf Steiner School • Safehouse Commerce • Saline Area Chamber of Commerce • Saline Area Youth Baseball • Saline Area Social Services & Softball • Saline Main Street • Saline Stem Boosters • Saline Varsity Hockey Club • Scouting America • Sean Brian Ashline Foundation • Second Chance Support Network • Shelter Association of Washtenaw County • SHS Science Olympiad • Skyline Friends of the Arts • Skyline High School Robotics Team • Skyline PTO • SOS Community Services • Sri Shirdi Sai Samsthan • Sri Venkateswara Temple & Cultural Center • St. Andrew Catholic School • St. Francis of Assisi • St. Louis Center • St. Mary Student Parish • St. Nicholas Greek Orthodox Church • St. Patrick • St. Paul Lutheran School • St. Thomas the Apostle • STEP • Suicide Prevention • Survivors Speak • T. Wall Foundation • Team GUTS • Techtown Detroit • Telling It • The Arc Livingston • The Chaldean Catholic Church of the USA • The Community Theatre of Howell • The Einstein Method • The Guild of Artists & Artisans • The Penny Seats Theater Company • The Shul • The Student Advocacy Center • The Washtenaw 100 • Therapeutic Riding Inc. • Torch 180 • Triple S Boosters • UM Retirees Association • United Way of SE Michigan • VFW Post 4537 • VINA Community Dental Center • Washtenaw Area Council for Children • Washtenaw Camp Placement • Washtenaw County Parks and Recreation Commission • Washtenaw District Dental Society • Washtenaw Elementary Science Olympiad • Washtenaw Health Project • Washtenaw Housing Alliance • Washtenaw Intermediate School District • Washtenaw Literacy • WCC Foundation • WEMU • Women's Center of SEMI • Women's Exchange of Washtenaw • Work Skills Foundation • Yeshiva Beth Yehudah • Ypsilanti Community Schools • Ypsilanti Community Utilities Authority • Ypsilanti District Library • Ypsilanti Senior Center • Ypsilanti Symphony Orchestra



McDonald House Charities A2
 Steiner School • Safehouse
 Commerce • Saline Area
 • Saline Area Youth Baseball
 Stem Boosters • Saline Varsity

Member FDIC



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