

MI BANCORP, INC.

ANNUAL REPORT 2021



Executive Management



Thomas H. Dorr
Chief Financial Officer



Robert E. Farr
Chairman &
Chief Executive Officer



Jenny S. Meier
President

Dear Fellow Shareholders,

Despite the challenging economic environment, we faced this past year, 2021 was a great year for Mi Bank. Our active participation in the PPP loan program brought us new clients and allowed us to reach profitability well ahead of plan. Loans and deposits continue to grow at a healthy pace. I am pleased we reported positive earnings for the entire year.

As we target business owners and real estate investors, we are positioning Mi Bank as a high-end bank for entrepreneurs. In this competitive market, it is critical for us to identify who our target market is and is not. The biggest challenge facing our industry is the need to embrace technology to make it easy for clients to access our products and services. Having robust digital capabilities will dictate which banks will be successful in the future. However, leveraging technology with high touch personal service will be what differentiates us from the competition.

Unfortunately, the economic outlook for this year is concerning. Inflation, supply chain disruptions, and a workforce shortage, will continue to hamper growth. In addition, at the time of this writing, war has broken out in Eastern Europe. Regardless, our experience tells us there will continue to be prospective clients looking for a bank on which they can rely. As a result, I am confident we will continue to grow the bank in 2022. Building long term personal relationships is what we do best.

In closing, I wish you a happy and healthy 2022, and very much appreciate your support!

Sincerely,

A handwritten signature in black ink, appearing to read 'Rob Farr'.

Rob Farr
Chairman & CEO

“Our favorite kind of job is the one that’s never been done.”

Mike Stapleton | Prop Art



The Art of **Success**

If you ask Mike Stapleton what sorts of things they design at his company Prop Art, his answer might be in the form of another question: What have you got?

Some 35 years ago, while studying at Detroit’s prestigious CCS, Mike began to notice a cookie-cutter trend in the world of industrial design. He saw an opportunity to be bold and different. Not long after, Prop Art was born.

When his sister, Denise Abrash joined the company, she brought years of prior management experience with a number of global corporations. Her business savvy and Mike’s creative instincts proved to be the perfect storm for success.

Where most design firms typically limit their range to a specific genre, Prop Art enthusiastically reinvents itself with every project. Its diverse portfolio includes floats for the US Constitution bicentennial and Chicago Christmas parades, the iconic Detroit Red Wings Octopus, oversized shirts for the

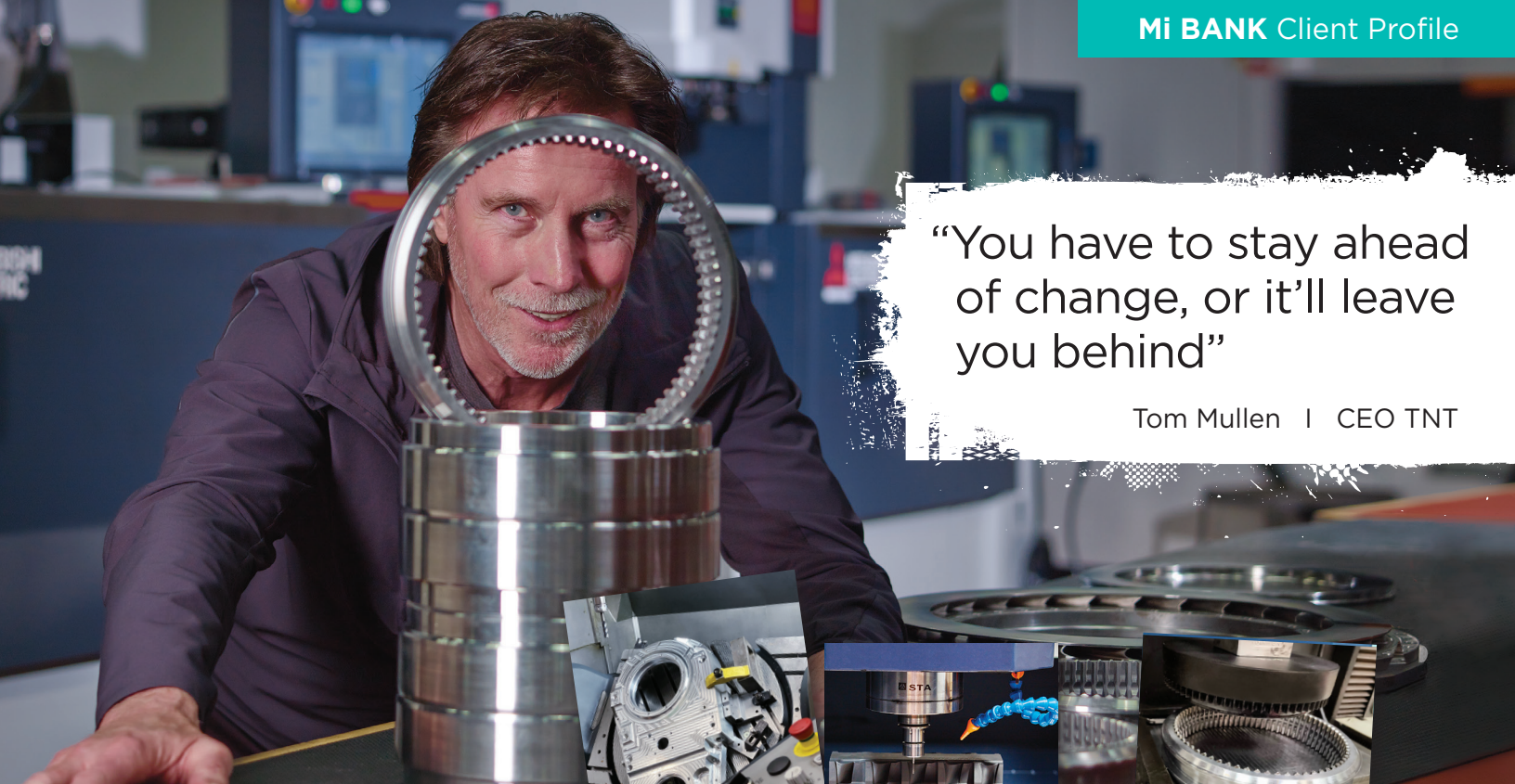
Spirit of Detroit statue, restoration work on historic architecture and many other one-of-a-kind projects found throughout all 50 states.

Mike is an artist. In fact he used to sell his art to pay the rent in the early days of Prop Art. His talent for capturing and conveying initial ideas on a sketchpad gave him an edge over his competitors. Over time, after establishing himself with blue chip brands like Coca-Cola and McDonalds, his business enjoyed a call-first status and continuous growth.

Today he staffs 7 full-time artists, with additional access to 20 or so freelancers to meet whatever the workload demands. The company’s “canvas” is in the form of leading edge computer software, which Mike designed and personally oversees.

However, he hasn’t completely deserted his old-tech roots. Every Prop Art project, big and small, still starts at the same place– Mike’s sketchpad.





“You have to stay ahead of change, or it’ll leave you behind”

Tom Mullen | CEO TNT

Hard work? **Works** for Tom...

Tom Mullen inherited the DNA of a classic entrepreneur from his father (and mentor). And he wasted no time putting it into practice. Tom entered the work force in his early teens, when most of his peers were still living off their lunch money. By the time he was 17, he owned two sports cars and a Harley Davidson motorcycle. For a brief time as a high school junior and senior he drove a truck for his father’s business, and when Tom graduated, his father wanted to give him something of value that he could always use... so he fired him. Tom got the point. It was a life-lesson about living within his means and never relying on credit. He lives by that philosophy to this day.

Tom’s love for all things automotive drove his professional life from there. After a brief stint in a Chrysler factory, he took a job in a tool and die shop. His attitude and performance impressed the shop owner, who gave him a \$1,000 bonus. It’s worth noting for context that this was still the 1970s, and it was a minimum wage job. Soon he was promoted to journeyman, which doubled his pay – although he was instructed to keep it on the down-low, as he was now earning more than many of his older fellow workers.

Even with his new status, success still wasn’t happening fast enough for Tom. So his father gave him another life-changing piece of advice in the form of two words: Just quit. It wasn’t long thereafter that Tom made his big move. He borrowed \$250,000 to purchase used equipment to start his own business. At 23, he was now the self-made CEO of an auto and aerospace supply company he named TNT.

44 years later and TNT still thrives. Tom has navigated his company through decades of non-stop change, where local handshake deals have long since given way to intense international competition and sophisticated cutting edge technology. But what hasn’t changed is Tom’s drive, and his instincts for staying ahead.

These days Tom also spends a lot of time supporting his son’s hockey career. Not surprisingly his son is already gaining national attention on the ice and colleges are definitely taking note of the young athlete’s talent and work ethic. Like father, like father, like son.

Mi Bancorp, Inc. 2021 Financial Summary

Operating highlights:

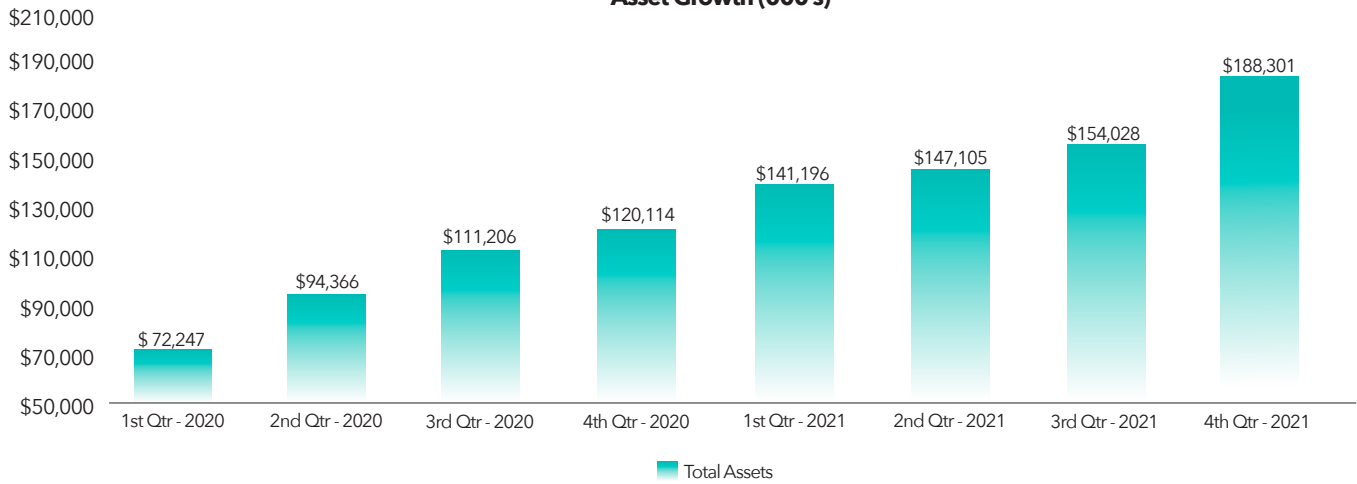
- Reported first full year of profitability in 2021
- Generated positive earnings on an adjusted basis for 5 consecutive quarters
- Delivered expansion in net interest margin
- Experienced significant growth in core revenue
- Improved operating efficiency
- Total assets exceeded \$180 million at year's end, an increase of 56%
- Loan Production:
 - Total loans of \$112.8 million, an increase of 18%
 - Core loans of \$105.3 million, an increase of 52%
 - Originated \$26.0 million of PPP loans in 2021 (this represents a combined total of \$46 million and over 400 loans related to the program)
- Growth in total deposits of 92%, totaling \$164 million as of December 31.
- Stock Information
 - Book value was \$7.68 at December 31, 2021
 - Market value of \$7.20 based on an independent stock valuation



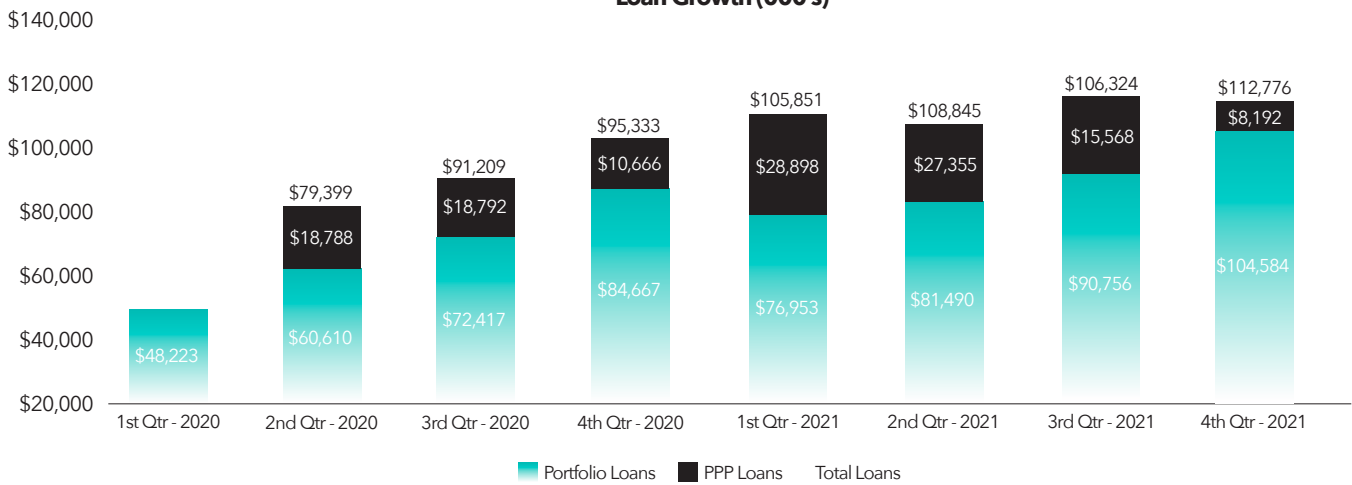
Mi Bancorp, Inc.
Consolidated Balance Sheet
(unaudited)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>ASSETS</u>		
Cash and due from banks	\$ 59,803,152	\$ 24,364,895
Investment Securities	15,661,095	-
Total Loans	112,776,415	95,332,909
Less: Allowance for loan loss	<u>1,420,000</u>	<u>915,000</u>
Net Loans	111,356,415	94,417,909
Premises and equipment	744,860	755,108
Other Assets	<u>735,357</u>	<u>575,885</u>
Total Assets	<u>\$ 188,300,879</u>	<u>\$ 120,113,797</u>
<u>LIABILITIES</u>		
Deposits		
Non Interest-bearing	63,334,749	21,586,099
Interest-bearing	<u>101,019,096</u>	<u>63,776,262</u>
Total Deposits	164,353,845	85,362,361
Borrowings	-	10,957,094
Other liabilities	<u>660,851</u>	<u>568,159</u>
Total Liabilities	165,014,696	96,887,614
<u>SHAREHOLDERS' EQUITY</u>		
Common Stock, \$0.01 par value		
Authorized - 10,000,000		
Issued and outstanding -		
3,032,100 at December 31, 2021 and		
3,016,300 at December 31, 2020	30,321	30,163
Additional paid in capital	28,624,308	28,491,176
Accumulated deficit	(5,280,678)	(5,295,156)
Accumulated other comprehensive loss	<u>(87,768)</u>	<u>-</u>
Total shareholders' equity	<u>23,286,183</u>	<u>23,226,183</u>
Total liabilities and shareholders' equity	<u>\$ 188,300,879</u>	<u>\$ 120,113,797</u>

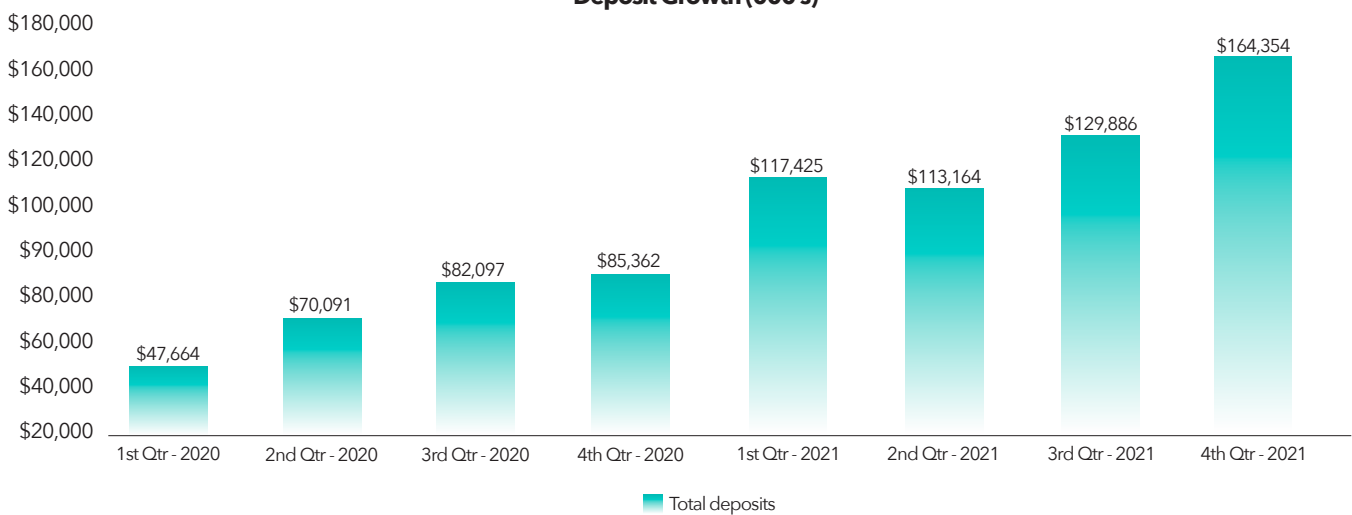
Asset Growth (000's)



Loan Growth (000's)



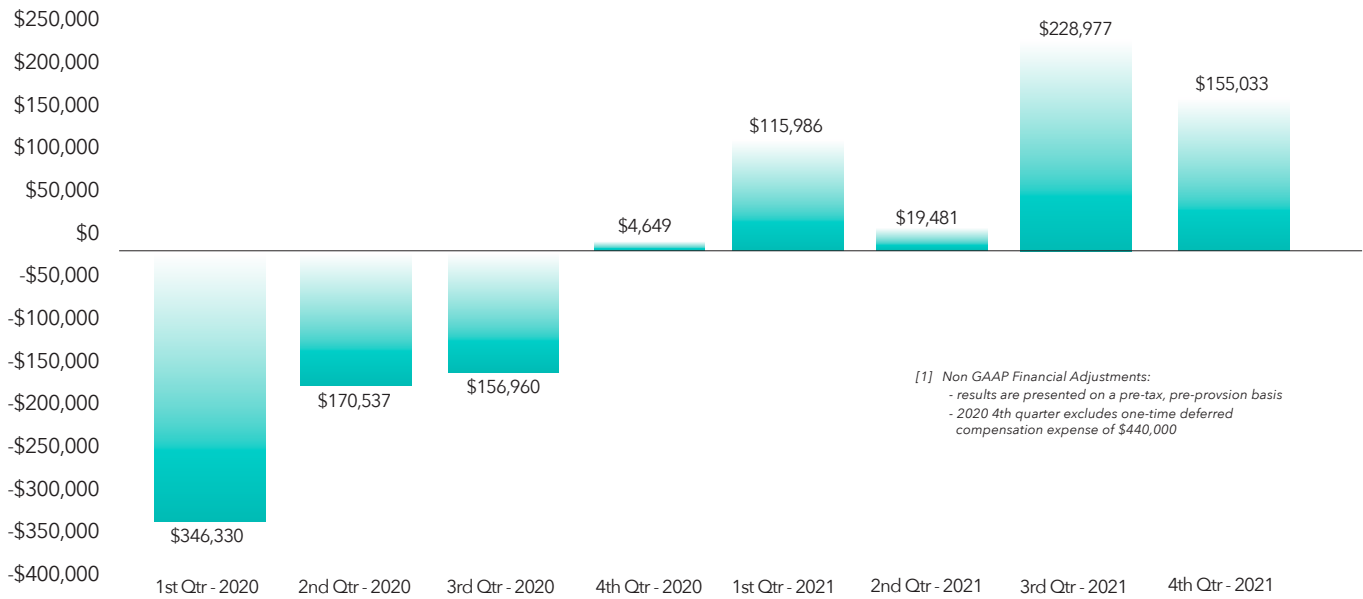
Deposit Growth (000's)



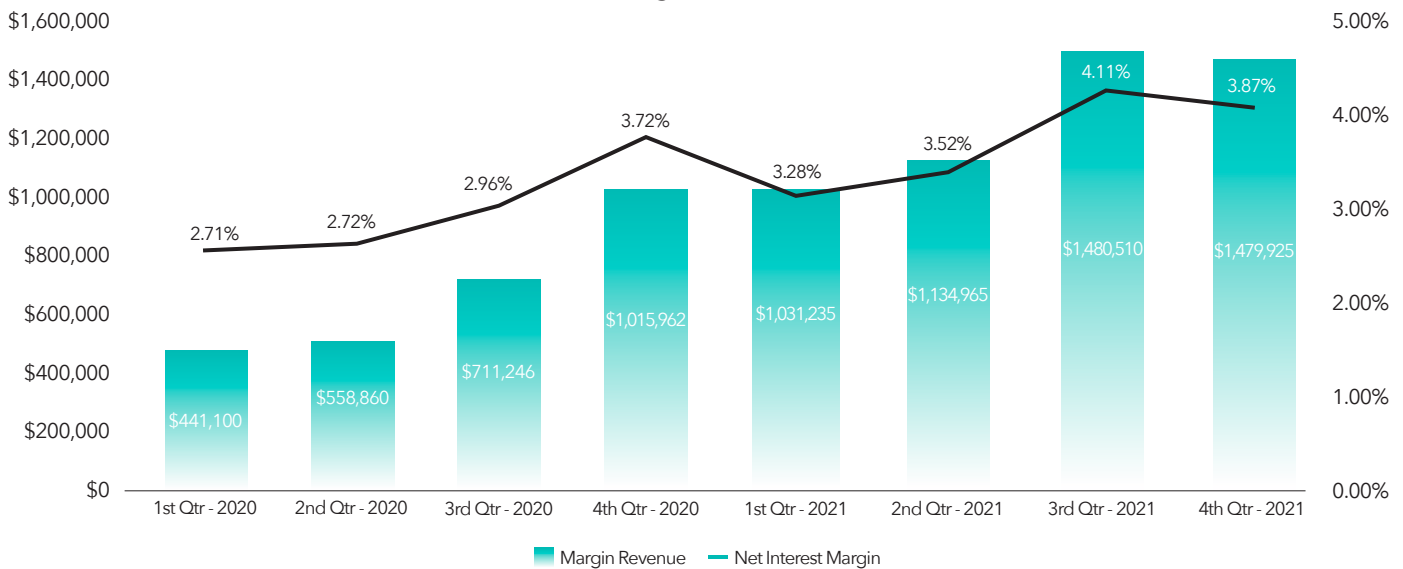
Mi Bancorp, Inc.
Consolidated Statement of Income
(unaudited)

	<u>2021</u>	<u>2020</u>
<u>INTEREST INCOME</u>		
Interest and fees on loans	\$ 5,363,694	\$ 3,071,367
Investment securities	41,293	-
Interest on federal funds and bank balances	40,125	103,386
Total Interest Income	5,445,112	3,174,753
<u>INTEREST EXPENSE</u>		
Interest on deposits	318,478	447,585
Net Interest Income	5,126,634	2,727,168
Provision for loan losses	505,000	571,000
Net Interest Income After Provision for Loan Losses	4,621,634	2,156,168
<u>NON-INTEREST INCOME</u>		
Service charges on deposit accounts	28,184	11,189
Mortgage banking activities	181,015	225,782
Other income	69,907	-
Total Non-Interest Income	279,106	236,971
<u>NON-INTEREST EXPENSE</u>		
Salaries and employee benefits	2,917,007	2,563,314
Occupancy and equipment expense	452,109	410,182
Advertising and marketing	105,404	59,929
Data processing	391,433	310,279
Professional fees	364,110	291,180
Other expenses	656,201	438,189
Total Non-Interest Expense	4,886,264	4,073,073
Net Income (Loss) Before Income Taxes	14,477	(1,679,934)
Income tax expense	-	-
Net Income (Loss)	14,477	(1,679,934)
Income (Loss) per share	\$ 0.00	\$ (0.56)

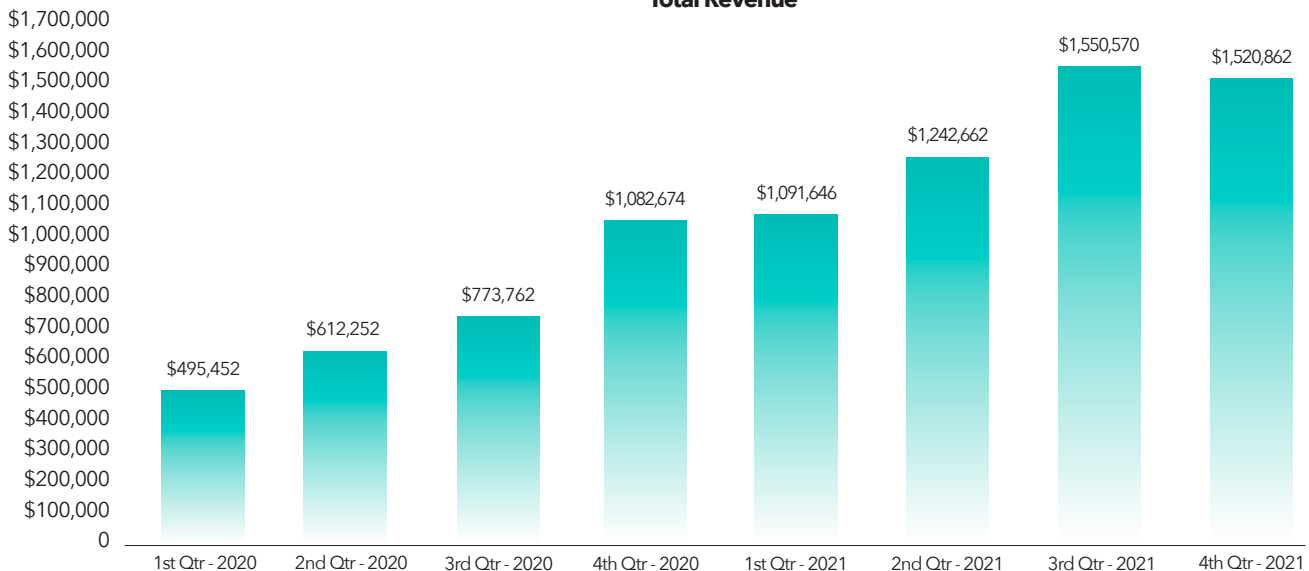
Net Income (Loss) ^[1] (Adjusted)

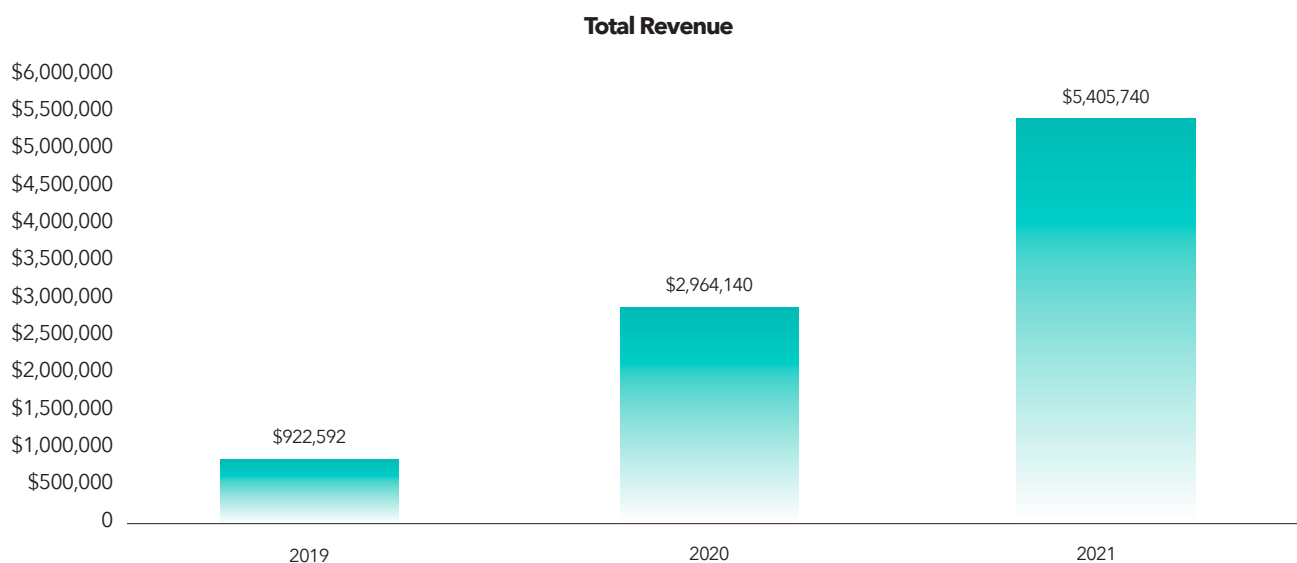
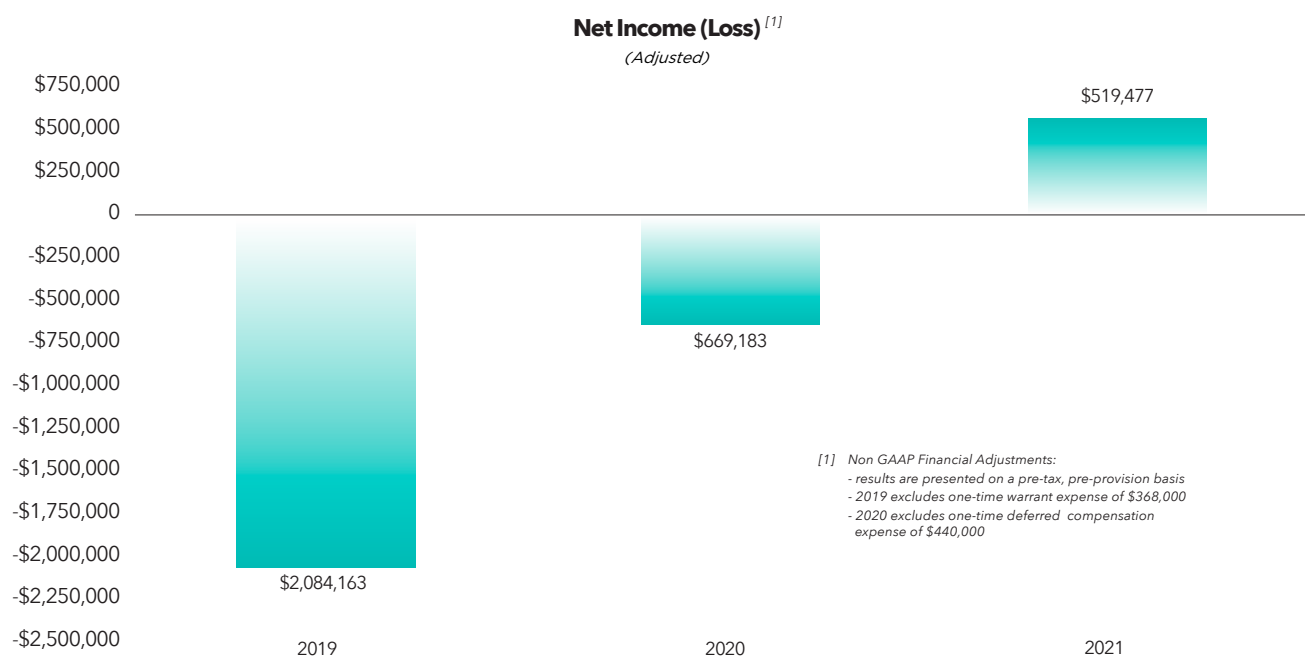
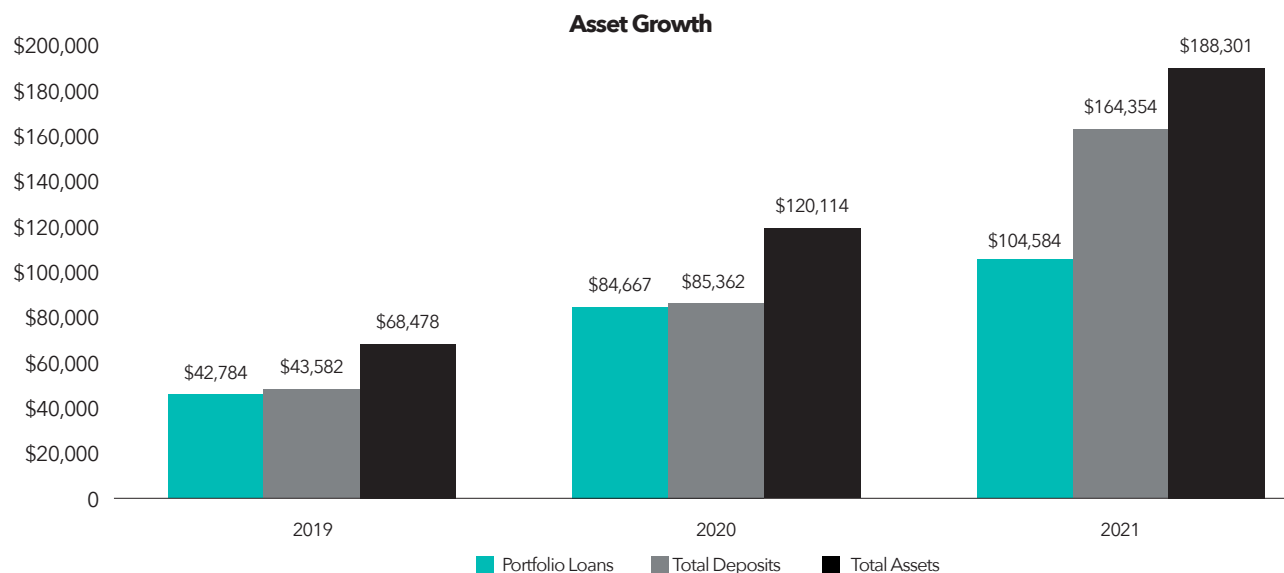


Margin Performance



Total Revenue





Board of Directors

Robert Farr
Warren Rose
Matthew Agnone
Deborah Schneider
Eugene Dixon
Peter Schwartz
Stephen Gross
James Simone
Mary Kramer
Michael Stines
Mary Miller
Timothy Trenary
Daniel O'Donnell
David Van Elslander
Eric Oppenheim
Annie VanGeldereren
John Rakolta, III
John Williamson
Lauren Rakolta
Brandon Yarckin

Executive Management

Robert E. Farr
Chairman & Chief Executive Officer

Thomas H. Dorr
Chief Financial Officer

Jenny S. Meier
President

Corporate Information

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Bloomfield Hills, MI 48301
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www.mi.bank

Transfer Agent

Continental Stock Transfer and Trust Co.
1 State Street, 30th Floor
New York, NY 10004-1561
212-509-4000

Independent Auditor

Doeren Mayhew
CPAs and Advisors
305 West Big Beaver Road - Suite 200
Troy, MI 48084

Market Maker

D.A. Davidson & Co.
3773 Attucks Drive
Powell, OH 43065



