

SHAREHOLDER UPDATE

Fourth Quarter – 2022

Dear Fellow Shareholder,

It was a very dynamic year for the banking industry as the Federal Reserve aggressively raised rates in an effort to address rising inflation. This created a unique environment, impacting the yield curve, pricing, and balance sheet management. It placed greater pressure on service, execution, flexibility and creating value for the customer. Qualities that are at the core of the Mi BANK mission.

The Bank generated improved earnings in 2022 and reported our second consecutive year of positive net income. We also experienced significant growth in our primary business, exceeding \$200 million in total assets as of year end. The strong performance was the result of an increase in our earning asset base and expansion in core margin.

As we look forward to 2023, we are cautiously optimistic. We plan to capitalize on any disruption in the market using a disciplined, client focused, solutions oriented approach. This will allow us to drive profitable growth and meaningful appreciation in shareholder value.

Our annual meeting will be on May 15th at 8:00 a.m. It will be held virtually, and we welcome your participation. Thank you for your continued support.

Financial Highlights

- Despite temporary challenges caused by margin compression in the fourth quarter, we reported full year net income of \$112,781 for 2022, the second consecutive year of profitability.
- Experienced strong growth in Net Interest Income and expansion in core margin.
- Maintained operating efficiency and lowered the expense to assets performance ratio.
- Total assets as of December 31, 2022 exceeded \$200 million, increasing 70% since 2020.
- The loan portfolio increased 28% or \$31.3 million in 2022, totaling \$144.0 million at December 31st. Core loans have increased \$39.2 million or 37% during the previous 12 months.
- Reported an increase of \$15.9 million in total deposits for the full year of 2022. The 10% increase provided funding for the expansion of the loan portfolio.
- Strong capital position, significantly above regulatory requirements.
- Modest accretion in Adjusted Book Value in 2022.

Performance Trends



(1) Non GAAP Financial Adjustment - results are presented on a pre-tax, pre-provision basis

Quarterly Financial Summary (Unaudited)

December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
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Summary Income Statement

Total Interest Income	\$ 1,546,768	\$ 1,530,803	\$ 1,420,566	\$ 1,671,385	\$ 2,058,933
Total Interest Expense	66,843	54,621	49,697	61,368	481,216
Net Interest Income	1,479,925	1,476,182	1,370,869	1,610,017	1,577,717
Total Provision Expense	150,000	98,000	102,000	130,000	145,000
Total Noninterest Income	40,937	67,270	47,143	38,703	30,338
Total Noninterest Expense	1,365,829	1,157,546	1,245,101	1,470,340	1,757,470
Net income (Loss) before taxes	5,033	287,906	70,911	48,380	(294,415)
Income Taxes	-	-	-	-	-
Net Income (Loss)	\$ 5,033	\$ 287,906	\$ 70,911	\$ 48,380	\$ (294,415)
Net Income (Loss) - PTPP *	\$ 155,033	\$ 385,906	\$ 172,911	\$ 178,380	\$ (149,415)

Performance Measures

ROAA (%) (PTPP)	0.39%	0.88%	0.43%	0.42%	-0.31%
ROAE (%) (PTPP)	2.63%	6.78%	3.10%	3.18%	-2.74%
Noninterest Income/ Avg Assets (%)	0.10%	0.15%	0.12%	0.09%	0.06%
Noninterest Expense/ Avg Assets (%)	3.43%	2.64%	3.11%	3.42%	3.68%
Net Interest Margin (%)	3.87%	3.48%	3.53%	3.83%	3.35%
Efficiency Ratio (FTE) (%)	89.81%	75.00%	87.81%	89.18%	109.29%

Growth Rates

Margin Revenue	-0.04%	-0.25%	-7.13%	17.45%	-2.01%
Total Revenue	-1.92%	1.49%	-8.13%	16.27%	-2.47%
Operating Expenses	3.35%	-15.25%	7.56%	18.09%	19.53%

Balance Sheet Highlights (000's)

Total Assets	188,301	180,110	172,868	166,823	203,781
Total Loans & Leases	112,776	108,535	124,167	135,883	144,036
Total Deposits	164,354	156,577	150,204	144,055	180,227
Total Equity	23,286	22,850	22,025	21,912	21,774
Loans/ Deposits (%)	68.6%	69.3%	82.7%	94.3%	79.9%

Asset Quality

Total Noncurrent Loans/ Loans	0.00%	0.00%	0.00%	0.00%	0.00%
NPAs/ Assets	0.00%	0.00%	0.00%	0.00%	0.16%
Loan Loss Reserves/ Gross Loans	1.26%	1.40%	1.30%	1.29%	1.32%

Capitalization

Risk Based Capital Ratio (%)	21.57%	20.77%	18.35%	16.87%	15.89%
Tier 1 Risk-based Ratio (%)	20.33%	19.52%	17.18%	15.72%	14.71%
Leverage Ratio (%)	14.79%	13.34%	14.82%	14.00%	12.45%
CET Tier 1 Ratio (%)	20.33%	19.52%	17.18%	15.72%	14.71%
Equity / Assets	12.37%	12.69%	12.74%	13.13%	10.69%

Share Data

Book Value	\$ 7.68	\$ 7.54	\$ 7.26	\$ 7.23	\$ 7.14
EPS (Earnings per Share)	\$ -	\$ 0.09	\$ 0.02	\$ 0.02	\$ (0.10)
Shares Outstanding	3,032,100	3,032,100	3,032,100	3,032,100	3,047,900

PTPP: Pre-tax, Pre-Provision