

Mi BANCORP

2020 ANNUAL REPORT



Mi BANK

Executive Management

Robert E. Farr (Seated)
Chairman & Chief Executive Officer

Jenny S. Meier
President

Thomas H. Dorr
Chief Financial Officer

Dear Fellow Shareholders,

As we enter 2021, we take the lessons learned this past year with us. Despite an unprecedented global shutdown, the economy as a whole is recovering. The quick action by the Federal Government at the start of the shut-down provided many businesses with the lifeline needed to survive. With regard to our business, we learned to operate more efficiently. Our business model, which leverages technology rather than brick and mortar, allowed us to continue to grow through the shut-down. Technology alone, however, is not the answer. Having good people who understand we are here to do everything we can to help make our clients' businesses be more successful is the key. Building personal relationships with our clients makes the difference. We are at our best when we get in front of our clients. As warmer weather approaches, I am hopeful and optimistic that we will again be meeting face to face with our clients at their place of business.

As you will see in the financial information that follows, the bank has navigated through this environment remarkably well. We generated substantial growth and experienced consistent improvement in our core operating results. This growth has been fueled, in part, by our participation in the PPP loan program. Over the past twelve months, we have assisted over 300 businesses with PPP loans. Many of those businesses were not clients, but now are. With the continued growth we are experiencing, we are on track to reach profitability mid-year, ahead of our original projections.

Last year we changed the name of our holding company to Mi Bancorp, in order to tie it more closely to the Mi Bank brand. In an effort to facilitate the purchase and sale of our stock, we engaged D.A. Davidson to make a market for our stock. Our symbol is MIBK. We will again conduct a virtual annual meeting on Monday June 7th, at 8:00 a.m. Information on how to participate in the meeting will be forthcoming.

In closing, I remain confident in our ability to continue to grow the bank and to build shareholder value at a healthy pace. I very much appreciate your support.

Sincerely,

Rob Farr
Chairman & CEO

Mi Bancorp 2020 Financial Summary

The Bank reported improved results and positive performance trends.

2020 Operating highlights:

- Total assets as of December 31 was \$120.1 million, an increase of 75% from 2019.
- Loans totaled \$95.3 million at year end, an increase of \$52.5 million. The Bank also provided approximately \$19.0 million in PPP loans in 2020, representing 100 customers.
- Total deposits reached \$85.3 million, growth of 96% in 2020.
- Reported a net loss of \$1.680 million, a net improvement of 40% compared to 2019. Generated positive earnings in the 4th quarter on an adjusted basis, excluding provision and one-time charges.
- Improved quarterly results:
 - Reduced net loss
 - Expanded margin revenue
 - Improved operating efficiency
- Stock Information:
 - Book value was \$7.70 at December 31, 2020
 - Market value of \$6.70 based on an independent stock valuation at December 31, 2020
 - The Bank is now listed under the symbol MIBK



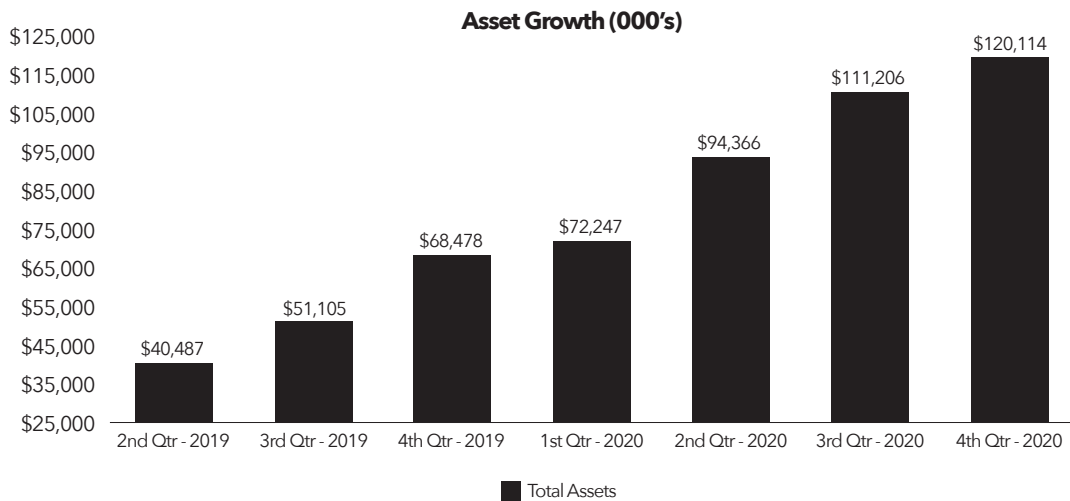
Remembering a dear colleague

The Mi Bank Family pays tribute to Henry (Hank) Spellman, our director who passed away this past November.

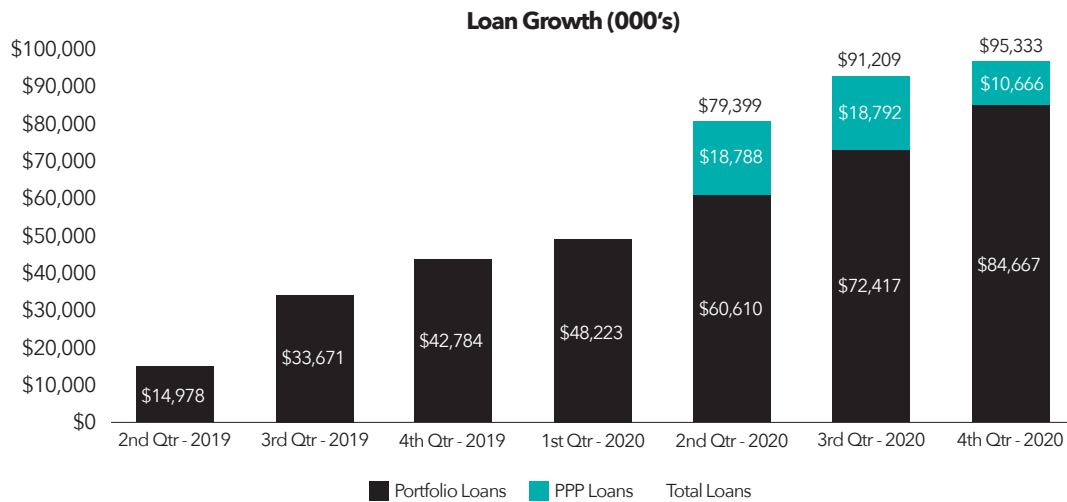
Hank was one of the initial founders of Mi Bank. He served as Chairman of our ALCO Committee, and participated as a member of our Director Loan, Audit, Compensation, and Executive Committees. Needless to say, his contributions to the bank were immeasurable. In his role as a director, he also served as a mentor to the bank's executive management team, especially me as Chairman & CEO. He will be truly missed.

Mi Bancorp
Consolidated Balance Sheet
(unaudited)

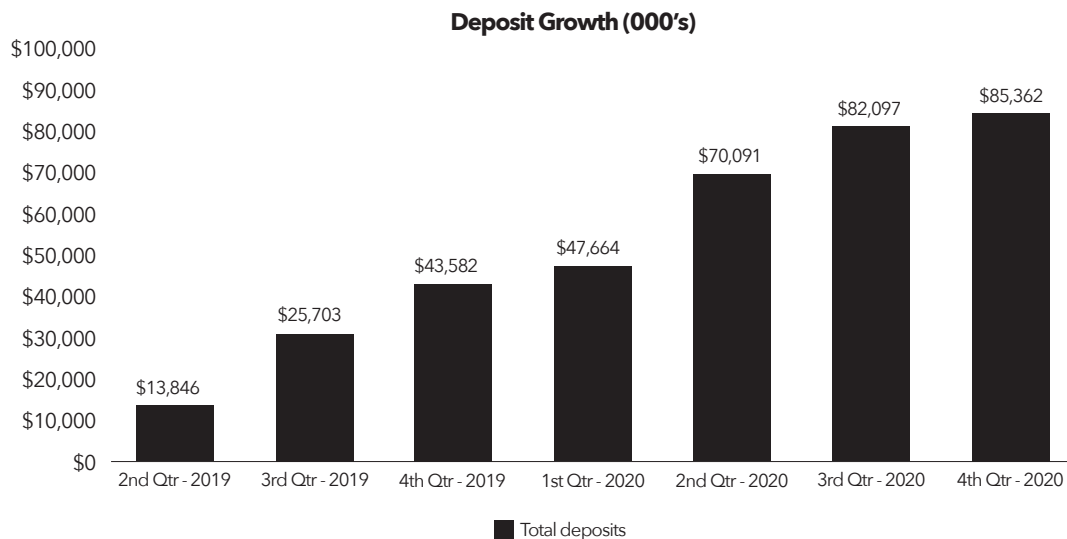
	December 31, 2020	December 31, 2019
<u>ASSETS</u>		
Cash and due from banks	\$ 24,364,895	\$ 24,933,944
Total Loans	95,332,909	42,783,943
Less: Allowance for loan loss	<u>915,000</u>	<u>344,000</u>
Net Loans	94,417,909	42,439,943
Premises and equipment	755,108	830,285
Other Assets	<u>575,885</u>	<u>273,696</u>
Total Assets	<u>\$ 120,113,797</u>	<u>\$ 68,477,868</u>
<u>LIABILITIES</u>		
Deposits		
Non Interest-bearing	21,586,099	9,359,919
Interest-bearing	<u>63,776,262</u>	<u>34,221,862</u>
Total Deposits	85,362,361	43,581,781
Borrowings	10,957,094	-
Other liabilities	<u>568,159</u>	<u>127,385</u>
Total Assets	96,887,614	43,709,166
<u>SHAREHOLDERS' EQUITY</u>		
Commons Stock, \$0.01 par value		
Authorized - 10,000,000		
Issued and outstanding -		
3,016,300 at December 31, 2020 and		
3,000,000 at December 31, 2019	30,163	30,000
Additional paid in capital	28,491,176	28,353,924
Accumulated deficit	<u>(5,295,156)</u>	<u>(3,615,222)</u>
Total shareholders' equity	<u>23,226,183</u>	<u>24,768,702</u>
Total liabilities and shareholders' equity	<u>\$ 120,113,797</u>	<u>\$ 68,477,868</u>



Experienced strong growth in 2020, increase of \$51.6 million



Portfolio continues to expand, doubled in 2020 with an average quarterly growth rate of 22%

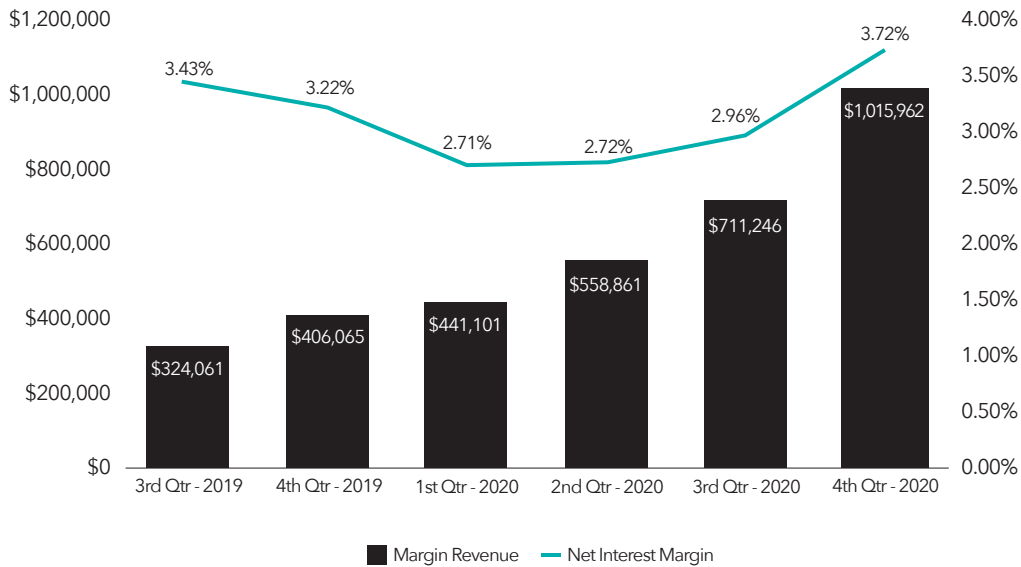


Deposit growth remains dynamic, increasing 96% in 2020

Mi Bancorp
Consolidated Statement of Income
Year Ended December 31, 2020 - (unaudited)

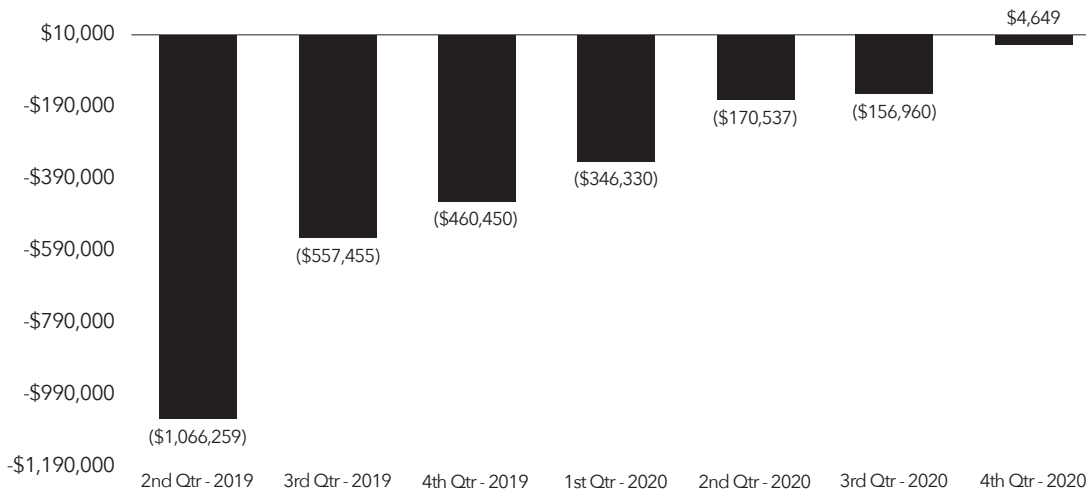
	2020	2019
<u>INTEREST INCOME</u>		
Interest and fees on loans	\$ 3,071,367	\$ 795,073
Interest on federal funds and bank balances	103,386	227,637
Total Interest Income	3,174,753	1,022,710
<u>INTEREST EXPENSE</u>		
Interest on deposits	447,585	166,245
Net Interest Income	2,727,168	856,465
Provision for loan losses	571,000	344,000
Net Interest Income After Provision for Loan Losses	2,156,168	512,465
<u>NON-INTEREST INCOME</u>		
Service charges on deposit accounts	11,189	2,791
Mortgage banking activities	225,782	62,471
Other income	-	865
Total Non-Interest Income	236,971	66,127
<u>NON-INTEREST EXPENSE</u>		
Salaries and employee benefits	2,563,314	1,687,351
Occupancy and equipment expense	410,182	247,124
Advertising and marketing	59,929	122,775
Data processing	310,279	278,898
Professional fees	291,180	336,910
Warrant expense	-	368,000
Other expenses	438,189	333,699
Total Non-Interest Expense	4,073,073	3,374,757
Net Loss Before Income Taxes	(1,679,934)	(2,796,165)
Income tax expense	-	-
Net Loss	(1,679,934)	(2,796,165)
Income (Loss) per share	\$ (0.56)	\$ (0.93)

Margin Performance



Net Interest margin expanded in 2020, generating a significant increase in margin revenue. Results were favorably impacted by the Paycheck Protection Program - "PPP".

Net Income (Loss)^[1] (Pre-tax, Pre-Provision)



Reported improvement in earnings performance on an adjusted basis (excluding provision expense, taxes and one time charges). Results are function of accelerated revenue growth.

^[1] Non GAAP Financial Adjustments:
 • 2019 4th Quarter excludes one-time warrant expense of \$368,000
 • 2020 4th Quarter excludes one-time deferred expense of \$440,000

**Board of Directors
Mi Bancorp, Inc.**

Robert Farr
Mary Kramer
John Rakolta, III
Warren Rose
Deborah Schneider
Peter Schwartz
Michael Stines
Timothy Trenary
David Van Elslander
Brandon Yarckin

**Board of Directors
Mi Bank**

Robert Farr
Matt Agnone
Eugene Dixon
Steve Gross
Mary Miller
Dan O'Donnell
Eric Oppenheim
Lauren Rakolta
Jim Simone
Annie VanGelderren
John Williamson

Corporate Information

Mi Bancorp, Inc.
3707 W. Maple Road - Suite 100
Bloomfield Hills, MI 48301
855-MiBank1
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
5050 Blazer Parkway - Suite 103
Dublin, OH 43017
800-394-9230

