

Ann Arbor Bancorp, Inc. (Private; Ann Arbor, MI) has agreed to merge with Level One Bancorp, Inc. (NASDAQ: LEVL; Farmington Hills, MI)

Deal Value: Approximately \$67.8 Million

Sandler O'Neill acted as sole financial advisor and rendered a fairness opinion to Ann Arbor Bancorp, Inc. in this transaction. This transaction represents Sandler O'Neill's 231st bank or thrift transaction nationwide since January 1, 2015, representing approximately \$68.2 billion in aggregate transaction value. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions and for a greater aggregate deal value than any other investment bank during that time period.¹

Since January 1, 2015, Sandler O'Neill has advised on 50 deals involving banks and thrifts based in the Midwest, representing over \$20.5 billion in aggregate transaction value, more than any other investment bank during that time period.¹

Farmington Hills, MI and Ann Arbor, MI – Level One Bancorp, Inc. (Nasdaq: LEVL)("Level One") and Ann Arbor Bancorp, Inc., the privately-owned parent company of Ann Arbor State Bank (together, "AAB"), jointly announced today the signing of a definitive merger agreement.

Under the terms of the agreement, AAB shareholders will receive \$38.50 per share in an all-cash transaction. The aggregate deal value is approximately \$67.8 million.

Established in January 2009, AAB operates three banking locations in Michigan serving Washtenaw County with two offices and Jackson County with one office. As of June 30, 2019, AAB reported assets of \$321 million, total loans of \$230 million, total deposits of \$262 million, and tangible common equity of approximately \$40 million, or approximately 12.2% of assets. In addition, for the twelve months ending June 30 2019, AAB reported a return on average assets of 1.33%. At June 30, 2019, AAB had 0.23% non-performing assets to total assets, excluding restructured loans.

"We are pleased to welcome the customers and team members of Ann Arbor State Bank to the Level One family. This merger aligns with our strategic growth goals and affords us an opportunity to accelerate our expansion in the very attractive Ann Arbor market." said Patrick J. Fehring, President and Chief Executive Officer of Level One Bank. "Further, this transaction allows us to productively deploy the capital we raised during our 2018 initial public offering."

Upon completion of the merger, the combined company will have over \$1.8 billion in assets, \$1.4 billion in loans and \$1.5 billion in deposits based upon financials as of June 30, 2019.

Peter Schork, Chief Executive Officer of AAB, will join Level One following completion of the merger. "We are excited about partnering with a high-performing company that shares our values and entrepreneurial community banking culture. We find the business fit of the two organizations to be especially compelling, and we think our customers will benefit from the broader array of products and services and larger lending limit," commented Schork. "We are thrilled about being able to do even more in our markets with considerably greater scale."

The merger agreement has been unanimously approved by the boards of directors of each company. The transaction is expected to close in the last quarter of 2019 or the first quarter of 2020 and is subject to closing conditions, including customary regulatory approvals and AAB shareholder approval. One current board member of AAB will be appointed to join the Level One and Level One Bank boards of directors.

Financial Highlights

(Dollars in millions)

	LEVL	Ann Arbor
Total Assets	\$1,505	\$321
Gross Loans (Inc. HFS)	\$1,189	\$230
Total Deposits	\$1,229	\$262
Tangible Common Equity	\$153	\$40

Financial data as of June 30, 2019

1) Majority and Minority transactions; Excludes terminated transactions and self-advisory roles

2) Level One Bank's loan production office

Source: S&P Global Market Intelligence, Company documents, Press Release

Pro Forma Map



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