

Board of Directors

Joshua T. Borders

*Vice President of Mortgage Lending,
Independent Bank*

Thomas P. Borders

President, Midtown Group, Inc.

Jan L. Garfinkle

*Founder & Managing Director,
Arboretum Ventures*

Isadore J. King

*President & Owner,
King Consultant Group, LLC*

Timothy G. Marshall

*President & Chief Executive Officer,
Bank of Ann Arbor*

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*President,
First Martin Corporation*

William C. Martin, Chairman

Athletic Director Emeritus, University of Michigan

Ernest G. Perich

President, Perich + Partners, Ltd.

David R. Sarns

Managing Partner, 360 Advisors, LLC

Joseph A. Sesi

President & Owner, Sesi Motors, Inc.

Cynthia H. Wilbanks

*Vice President for Government Relations,
University of Michigan*

Jeffrey S. Williams

*Chairman & Chief Executive Officer,
NeuMoDx Molecular, Inc.*

Directors Emeritus

Richard P. Eidswick

Managing Partner, Arbor Partners

Jan Barney Newman

Trustee, Ann Arbor District Library Board

Richard N. Robb, DDS

Regent Emeritus, Eastern Michigan University



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Member
FDIC

Downtown Ann Arbor

125 S. Fifth Ave.
Ann Arbor, MI 48104
(734) 662-1600

Downtown Saline

179 East Michigan Ave.
Saline, MI 48176
(734) 470-5001

Downtown Ypsilanti

7 W. Michigan Ave.
Ypsilanti, MI 48197
(734) 485-9400

**Ellsworth Rd. &
Airport Blvd.**

801 W. Ellsworth Rd.
Ann Arbor, MI 48108
(734) 669-8900

Plymouth

1333 W. Ann Arbor Rd.
Plymouth, MI 48170
(734) 455-1511

Stadium & Liberty

2204 W. Stadium Blvd.
Ann Arbor, MI 48103
(734) 822-1900

**Traver Village
Shopping Center**

2601 Plymouth Rd.
Ann Arbor, MI 48105
(734) 662-3800

Birmingham

33583 Woodward Ave.
Birmingham, MI 48009
(248) 723-7200

Q1 '19: Year-Over-Year Improvement

Arbor Bancorp, Inc.

Statement of Condition, March 31, 2019

Greetings fellow shareholders: April 2019

We enjoyed another successful Annual Shareholders meeting on April 15 at Barton Hills Country Club with over 150 shareholders in attendance, the largest attendance in the history of the bank. It was a wonderful celebration of another record-level performance for the bank, our twenty-third anniversary, and provided a wonderful opportunity to renew old acquaintances. Bill Martin welcomed the large group of shareholders and recognized those shareholders who had attended every Annual Shareholders meeting as well as the group of original shareholders in attendance. One of our original investors, Tony Procassini, attended with his daughter Linda Binder. Tony mentioned that he will be celebrating his 98th birthday this week. If you haven't attended a recent meeting, please mark your calendar for April 20, 2020.

On behalf of all my colleagues, the World's Best Bankers, I am pleased to report that we have gotten off to an excellent start to the year. Our net income for the quarter at \$7.4 million reflected a 5.8% improvement over the prior year. The earnings improvement is positively impacted by our focus on growing revenue, up 10.4% for the quarter, while prudently managing our operating expense growth, up 2.7%. It is truly a team effort with our revenue areas hitting on all cylinders in combination with incredible support from our behind-the-scenes operations team.

I am honored to be celebrating my 15-year anniversary at the bank this coming July. I have fond memories of the spring day in early 2004 when Bill Martin picked me up at the airport to show me the Ann Arbor community and introduce me to the other bank directors. While it has been a great run, we still have much more to accomplish in the years ahead. I want to thank you for everything you do to help us be successful. Our high performance would not happen without the support of our employees, directors, shareholders, clients, and the community. All of us are excited to get 2019 off to a strong start. If I can be helpful, please do not hesitate to call me.

Sincerely,



Timothy G. Marshall
President and CEO

ARBOR BANCORP, INC.

Balance Sheet

(000's omitted)	As of March 31	
	2019	2018
Assets:		
Cash	\$ 25,428	\$ 20,731
Overnight investments	133,396	83,916
Investments	98,901	116,451
Loans:		
Commercial	1,031,348	977,842
Leases	162,696	177,956
Residential mortgages	99,650	98,152
Mortgages held for resale	1,010	1,346
Installment	36,823	38,173
Total loans	1,331,527	1,293,469
Allowance for loan loss	(19,004)	(17,805)
Interest receivable	3,942	3,463
Bank owned life insurance	24,831	23,997
Goodwill	13,087	13,087
Other assets	14,915	17,261
Bank premises and equip.	19,650	20,680
Total Assets	\$1,646,673	\$1,575,250
Liabilities and Capital:		
Deposits		
Demand	\$473,319	\$443,844
NOW	184,575	151,321
Smart one	217,084	223,873
Money market savings	249,654	241,929
Savings	93,837	97,047
CDs < \$100,000	23,006	22,200
CDs > \$100,000	85,743	100,610
Total deposits	1,327,218	1,280,824
Repurchase agreements	33,080	46,417
Fed funds purchased	-	10,000
Other debt	4,502	5,277
FHLB advances	80,000	60,000
Sub debt	22,650	22,650
Interest payable	552	235
Other liabilities	13,603	9,385
Trust preferred securities	5,000	5,000
Preferred stock	12,196	12,196
Retained earnings	83,251	57,350
Unrealized gain/(loss) on securities held for sale	(176)	(232)
Common stock	64,797	66,148
Total Capital	160,068	135,462
Total Liabilities and Capital	\$ 1,646,673	\$ 1,575,250

Income Statement

(000's omitted)	For three months ended	
	3/31/19	3/31/18
Interest income:		
Loans	\$17,306	\$15,518
Overnight investments	1,040	238
Investments	653	701
Loans fees	538	559
Total income and fees	19,537	17,016
Interest expense:		
NOW	556	103
Smart one	332	149
Money market savings	418	192
Savings	87	62
CD's < \$100,000	58	24
CD's > \$100,000	281	185
Repurchase agreements	37	35
FHLB advances	587	58
Sub debt	383	388
Other debt	147	115
Total interest expense	2,886	1,311
Net interest income	16,651	15,705
Provision for loan losses	496	610
Net interest income after provision for loan losses	16,155	15,095
Other income:		
Service charges	177	162
Mortgage origination	212	274
Trust income	1,848	1,756
Miscellaneous income	950	1,382
Total other income	3,187	3,574
Operating expenses:		
Salaries and benefits	6,248	6,281
Marketing and business development		
Building and equipment	560	378
Contracted services	1,056	1,018
FDIC expense	1,094	954
Other expenses	138	193
Total operating expenses	862	877
Net income before tax	9,958	9,701
Federal income tax	9,384	8,968
Net Income	\$ 7,615	\$ 7,210
Preferred stock dividends	\$ 185	\$ 185
Net income available to common shareholders	\$ 7,430	\$ 7,025
Earnings per Share	\$ 2.63	\$ 2.52