

Media Release



Contact: Jason Brown, PublicCity PR
jbrown@publiccitypr.net
248-252-1687

Bank of Ann Arbor Expands into Oakland County With Definitive Agreement to Merge With Bank of Birmingham *Two High Performing Michigan-based Financial Institutions Will Merge to Expand Reach, Services and Offerings*

- Arbor Bancorp, Inc. (Bank of Ann Arbor) to acquire Birmingham Bloomfield Bancshares, Inc. (Bank of Birmingham) and enter the attractive Oakland County market
- All cash transaction valued at \$16.50 per share, or approximately \$33.3 million
- Combined bank will employ approximately 225 employees across 8 locations in 3 counties
- Combined bank will have approximately \$2.5 billion of total assets and assets under management
- Enhances Bank of Ann Arbor's growth opportunities and results in anticipated double-digit EPS accretion

Ann Arbor, Mich. - July 20, 2016 – Arbor Bancorp, Inc., the holding company for Bank of Ann Arbor (“Arbor”), and Birmingham Bloomfield Bancshares, Inc., the holding company for Bank of Birmingham (“Birmingham”) (OTC Pink: BBBI), today announced they have entered into a definitive agreement for Arbor to acquire Birmingham in an all-cash transaction valued at approximately \$33.3 million.

Under the terms of the agreement, shareholders of Birmingham will receive \$16.50 per share in cash for each share of Birmingham common stock outstanding, subject to adjustment in certain limited circumstances, resulting in a total transaction value of approximately \$33.3 million including paying off outstanding warrants and stock options. The transaction is expected to be completed by year end, subject to the satisfaction of customary closing conditions, including regulatory approvals and the approval of the shareholders of Birmingham.

The combined organization is expected to have approximately 225 employees across eight locations in Washtenaw, western Wayne and Oakland counties and approximately \$2.5 billion in combined total assets (approximately \$1.5 billion) and assets under management (approximately \$1.0 billion). Arbor anticipates the transaction to be accretive to earnings per share by approximately 15%.

“We have been looking for strategic opportunities to expand Bank of Ann Arbor into Oakland County and believe we’ve found the perfect partnership with Bank of Birmingham,” said Tim Marshall, president and CEO of Bank of Ann Arbor. “By bringing together two high-performing and like-minded community banks who share a commitment to serving their local communities, we will continue to provide individuals and businesses with excellent service and a full range of financial services. This acquisition provides us with the beginnings of a well-established and

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highly respected footprint in Oakland County, while providing the opportunity to introduce and expand our successful technology banking group, mortgage lending platform, and trust and investment management services.”

Bank of Ann Arbor, founded in 1996, was named as one of the top 100 performing banks (\$1B to \$10B in total assets) in 2015 by SNL Financial – ranking #9 – and was named as one of the U.S.’s top 50 Best Banks to Work For by the American Bankers Association in 2013 and 2015.

Bank of Ann Arbor has successfully acquired and integrated two other financial services organizations, including the former New Liberty Bank in Plymouth, Michigan in May 2010 and UniFi Equipment Finance in Ann Arbor, Michigan in January 2013. Bank of Ann Arbor has nearly \$1.2 billion in total assets and its high performing Trust and Investment Management Group recently surpassed \$1.0 billion in assets under management.

“This acquisition provides Bank of Birmingham customers access to our enhanced portfolio of products and services and greater lending capabilities. Together, we will build upon both of our highly efficient platforms for delivering the best financial services to our clients. This is an exciting opportunity for both parties as we bring together two very similar cultures,” added Marshall.

Bank of Birmingham is a full-service community bank established in 2006, with one location in Birmingham, Michigan, serving primarily the Oakland County business community. As of March 31, 2016, Birmingham had approximately \$273.6 million in assets, \$227.1 million in loans, and \$250.3 million in deposits in the vibrant Oakland County market.

Rob Farr, president of Bank of Birmingham, concurs. “The merging of these two established institutions allows us to provide a broader range of banking services to our client base, including Bank of Ann Arbor’s Trust and Investment Management Group, Technology Industry Group and mortgage lending platform,” said Farr. “In addition, it will greatly expand our lending capabilities in our primary market of Oakland County and will allow us to use Bank of Ann Arbor’s infrastructure to meet the growing compliance and regulatory burdens, freeing us to focus on our clients. Both organizations share common values and the passion to provide excellent, attentive customer service, and the combination will only enhance these principles. Finally, we are pleased these shared values will allow the combined organization to continue the strong commitment to the communities in our market areas and to supporting a variety of charitable organizations within those communities.”

Rob Farr will continue to serve as President, Birmingham District, at the Birmingham location following the conclusion of the transaction.

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Arbor was advised by the investment banking firm of Keefe, Bruyette & Woods, Inc. and the law firm of Varnum LLP. Birmingham was advised by the investment banking firm of Donnelly Penman & Partners, Inc. and the law firm of Warner Norcross & Judd LLP.

About Bank of Ann Arbor:

Bank of Ann Arbor is a locally owned and operated bank with total assets and assets under management of approximately \$2.2 billion, serving people and businesses in Washtenaw and western Wayne counties with offices at the corner of Fifth Avenue and Washington Street in downtown Ann Arbor, in the Traver Village Shopping Center, at the corner of Stadium and Liberty streets, on West Ellsworth Road in Pittsfield Township, on West Michigan Avenue in downtown Ypsilanti, in Plymouth on Ann Arbor Road, on East Michigan Avenue in downtown Saline. UniFi Equipment Finance based in Ann Arbor has a national presence in the small ticket vendor leasing market. For more information, visit boaa.com or follow Bank of Ann Arbor on Facebook, Twitter, and LinkedIn.

About Bank of Birmingham:

Bank of Birmingham is a full-service community bank serving Oakland County and delivering financial services to small and medium size businesses; their owners and employees; professionals; and individuals who primarily work or reside in Birmingham, Bloomfield Hills, Beverly Hills and Franklin. Every Bank of Birmingham customer has a relationship manager who serves as their single point of contact empowered to provide all of its services. For more information, visit www.bankofbirmingham.net or follow Bank of Birmingham on Facebook, Twitter and LinkedIn.

Forward Looking Statements

This press release contains forward-looking statements regarding expectations with respect to the merger. Forward-looking statements are not guarantees of future financial performance and are subject to risks, uncertainties and assumptions. As a result, actual results may differ from anticipated results.

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