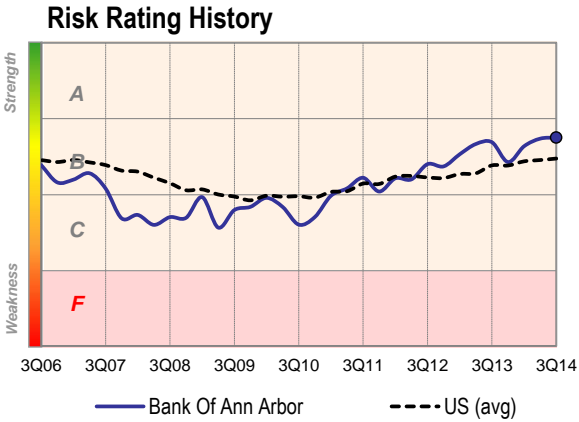


Bank Of Ann Arbor

3Q 2014

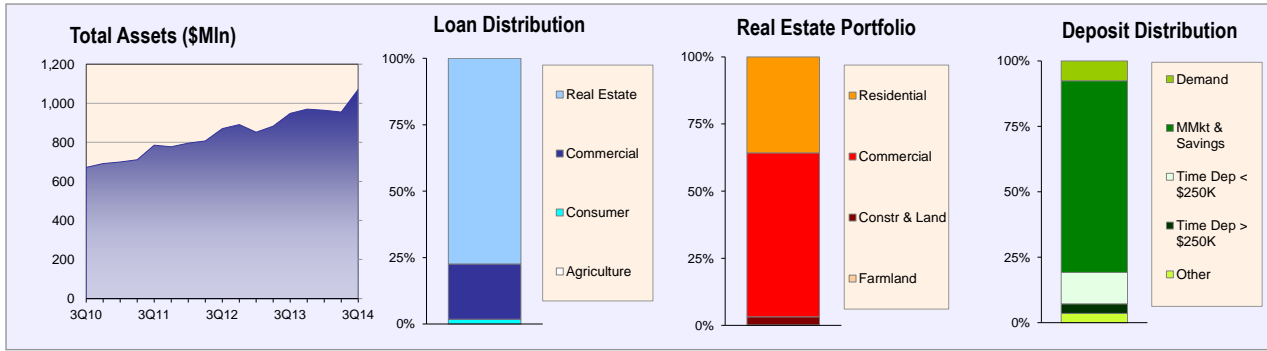
B+

Risk Ratings	
Overall.....	B+
Business.....	B+
Demographic.....	B
Financial.....	A
Asset Quality.....	A+
Capital.....	B
Liquidity.....	A+
Profitability.....	A-
Robinson Downside Risk	B+



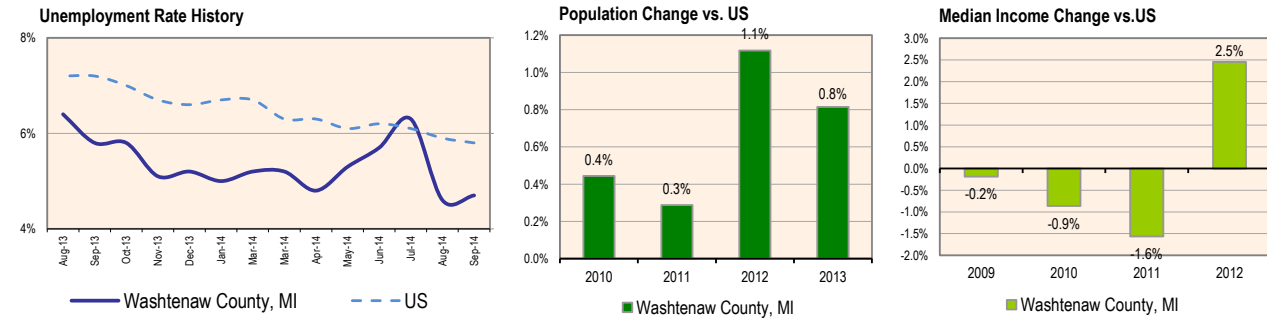
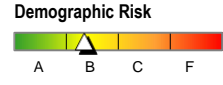
Business Analysis

Bank Of Ann Arbor is headquartered in Ann Arbor, MI, with total assets of \$1.1 Bln. The bank has significantly grown over the past quarter and has experienced strong asset growth of 13.0% over the past year. The total loan portfolio has an overweight position in real estate loans. The real estate portfolio is diversified, demonstrating low concentration risk in any one category. The bank's core deposits, deposits that are a stable source of funds for the lending base, are in line with its peer group.



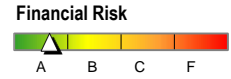
Demographic Analysis

Bank Of Ann Arbor's demographic footprint is relatively small with a sizable amount of its deposits and branches dedicated to one demographic area. The bank's largest demographic base is Washtenaw County, MI, representing 90% of the company's deposits, while Wayne County, MI comprises 10%. Unemployment within Washtenaw County is 4.7%, 1.1% lower than the national average. Washtenaw County's population growth has marginally improved over the past couple years relative to that of the US and median household income greatly increased recently against the nation's median level.



Financial Analysis

Robinson views the financial risk of this credit to be investment grade with minimal downside risk. Bank Of Ann Arbor's financial profile is extremely strong relative to the US market. The overall financial trend has marginally improved over the past quarter and has posted a small level of change over the past year.



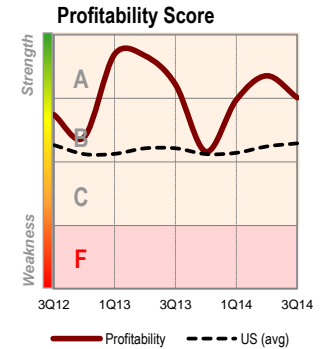
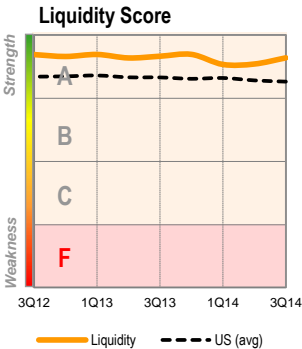
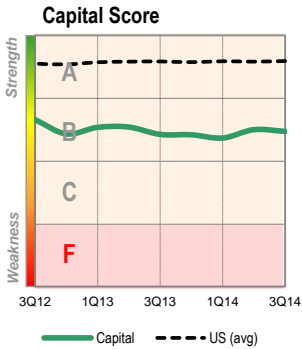
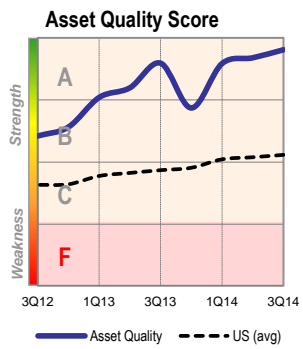
Asset quality ranks very high, posing no credit issues or concerns, given nonperforming loans to total loans at 0.37%. The asset quality trend has strengthened firmly over the past quarter and has posted a small level of change over the past year. The bank's capital position is satisfactory, but ranks well below the US average. This trend has marginally weakened over the past quarter, but has posted a small level of change over the past year. Liquidity is strong, representing the bank's solid ability to cover short-term obligations. Bank Of Ann Arbor's liquidity ratio is sound at 36.57%. The liquidity score has strengthened firmly over the past quarter, but has displayed little to no change over the past year. The bank's profitability is sound with return on average assets (ROA) for the quarter at 1.21%, representing a healthy earnings position. This trend has shown significant weakness over the past quarter and has displayed little to no change over the past year.

Asset Quality (*top ratios)		
		Chg vs. 2Q 2014
NonPerforming Lns	Bank	0.4% ▼ 0.0%
	US (median)	1.4% ▼ 0.1%
Reserves to NPLs	Bank	495.6 ▲ 29.0
	US (median)	111.5 ▲ 4.0

Capital (*top ratios)		
		Chg vs. 2Q 2014
Tier-1 Risk-Based	Bank	10.9% ▼ 0.0%
	US (median)	15.6% ▲ 0.0%
Total Risk-Based	Bank	12.2% ▼ 0.0%
	US (median)	16.7% ▲ 0.0%

Liquidity (*top ratios)		
		Chg vs. 2Q 2014
Liquidity Ratio	Bank	36.6% ▲ 5.8%
	US (median)	35.1% ▼ 0.7%
Core Deposits/Deposits	Bank	78.6% ▼ 3.7%
	US (median)	81.6% ▲ 0.0%

Profitability (*top ratios)		
		Chg vs. 2Q 2014
Return on Assets	Bank	1.2% ▼ 0.1%
	US (median)	0.9% ▲ 0.0%
Net Interest Margin (NIM)	Bank	3.6% ▼ 0.3%
	US (median)	3.6% ▲ 0.0%



Downside Risk

Robinson Downside Risk
 This Robinson Downside Risk level is a proprietary bank risk model that incorporates the downside risk factors associated with a bank. Analysis is comprised of various factors including those listed below.

Tangible Common Equity to Tangible Assets
 An additional capital ratio that better reflects capital positions in a distressed environment.

7.7%

Risk Trend
 Uses historical data from previous U.S. bank failures to determine risk of closure. Asset quality and capital trends play a major role in this downside risk model.

Texas Ratio (%)
 Non-performing assets and loans 90 day past due / tangible equity capital plus reserves. Levels above 100% indicate increased risk exposure.

4%

Commercial Real Estate to Capital
 Historically, higher levels of commercial real estate (CRE) exposure have the potential to be problematic. Levels above 300% represent higher risk.

387%

Constr & Land Loans to Capital
 Construction and land loans above 100% of capital should be monitored closely and present greater levels of risk.

19%

*Please see disclosures on the following page

Disclosures

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