
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K

CURRENT REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): **May 15, 2018**

Commission File Number: 001-38458

LEVEL ONE BANCORP, INC.

(Exact name of registrant as specified in its charter)

Michigan
(State or other jurisdiction of
incorporation or organization)

32991 Hamilton Court
Farmington Hills, MI
(Address of principal executive offices)

71-1015624
(I.R.S. Employer
Identification No.)

48334
(Zip code)

(248) 737-0300

(Registrant's telephone number, including area code)

N/A

(Former Name or Former Address, if Changed Since Last Report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

On May 15, 2018, Level One Bancorp issued a press release announcing its earnings for the first quarter of 2018. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

| Exhibit No. | Description |
|--------------------|--|
| 99.1 | Press Release of Level One Bancorp, Inc., dated May 15, 2018 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 15, 2018

LEVEL ONE BANCORP, INC.

By: /s/ David C. Walker

Name: David C. Walker

Title: Executive Vice President and Chief Financial Officer



For Immediate Release

Level One Bancorp, Inc. reports first quarter 2018 net income of \$3.2 million, representing \$0.47 of earnings per diluted average share

Successful completion of initial public offering in April 2018 resulting in net proceeds of \$29.0 million, after deducting underwriting commissions and offering expenses

Farmington Hills, MI – May 15, 2018 – Level One Bancorp, Inc. (“Level One”) (Nasdaq: LEVL) today reported net income of \$3.2 million, or \$0.47 per diluted share, in the first quarter of 2018. This compares with net income of \$933 thousand, or \$0.14 per diluted share, in the preceding quarter and \$2.8 million, or \$0.42 per diluted share, in the first quarter of 2017.

Recent Developments

Initial Public Offering: On April 24, 2018, Level One completed its initial public offering. In the offering, Level One sold 1,150,765 shares, including 180,000 shares of common stock pursuant to the exercise in full by the underwriters of their option to purchase additional shares, at an initial public offering price of \$28.00 per share. The selling shareholders sold an additional 229,235 shares of common stock in the offering at the initial public offering price. Level One did not receive any proceeds from the sale of shares of common stock sold by the selling shareholders in the offering. The shares began trading on the Nasdaq Global Select Market on Friday, April 20, 2018, under the symbol "LEVL".

First Dividend Payout: On March 15, 2018, the Company’s Board of Directors declared a quarterly cash dividend of \$0.03 per share. This dividend was paid out on April 16, 2018, to stockholders of record at the close of business on March 31, 2018.

First Quarter Financial Highlights

- Net income was \$3.2 million, or \$0.47 per diluted share, for the three months ended March 31, 2018
- Pre-tax income increased 17.23% to \$3.8 million, compared to \$3.3 million in the preceding quarter
- Net interest margin was 4.03% compared to 4.01% in the preceding quarter and 4.34% in the first quarter of 2017
- Annualized return on average assets was 1.00%, compared to 0.96% in the first quarter of 2017
- Annualized return on average equity was 11.64%, compared to 11.28% in the first quarter of 2017
- Total assets increased 11.19% to \$1.30 billion at March 31, 2018, compared to \$1.17 billion at March 31, 2017
- Total deposits increased 15.08% to \$1.11 billion at March 31, 2018, compared to \$966.9 million at March 31, 2017
- Total loans increased 9.40% to \$1.05 billion at March 31, 2018, compared to \$961.0 million at March 31, 2017
- Book value per share increased 7.63% to \$16.78 per share compared to \$15.59 per share at March 31, 2017
- Tangible book value per share increased 9.12% to \$15.27 per share compared to \$13.99 per share at March 31, 2017

Balance Sheet Review

Level One's total assets were \$1.30 billion at March 31, 2018, a decrease of \$662 thousand, or 0.05%, from December 31, 2017, and up \$130.9 million, or 11.19%, from \$1.17 billion at March 31, 2017.

The investment securities portfolio was \$160.3 million at March 31, 2018, an increase of \$9.4 million or 6.21%, from \$151.0 million at December 31, 2017, and up \$51.9 million, or 47.8%, from \$108.5 million at March 31, 2017. The portfolio is mainly comprised of securities issued by state and political subdivisions, collateralized mortgage obligations, mortgage-backed securities and U.S. Treasury securities.

Total loans were \$1.05 billion at March 31, 2018, an increase of \$16.4 million, or 1.59%, from \$1.03 billion at December 31, 2017, and up \$90.4 million, or 9.40%, from \$961.0 million at March 31, 2017. The growth in total loans compared to December 31, 2017 and March 31, 2017 was primarily due to growth in our commercial real estate and residential real estate loan portfolios.

Total deposits were \$1.11 billion at March 31, 2018, an increase of \$145.8 million, or 15.08%, compared to \$966.9 million at March 31, 2017. Total deposits decreased \$7.7 million, or 0.69%, compared to \$1.12 billion at December 31, 2017. Total deposit composition at March 31, 2018 consisted of 33% of demand deposit accounts, 25% of savings and money market accounts and 42% of time deposits.

Operating Results

Level One's net interest income before the provision for loan loss increased \$123 thousand, or 1.02%, to \$12.1 million in the first quarter of 2018, compared to \$12.0 million in the preceding quarter, and increased \$383 thousand, or 3.26%, compared to \$11.7 million in the first quarter of 2017.

Level One's net interest margin was 4.03% in the first quarter of 2018, compared to 4.01% in the preceding quarter and 4.34% in the first quarter of 2017.

Total revenues (net interest income before provision for loan losses, plus noninterest income) increased \$101 thousand, or 0.75%, to \$13.5 million in the first quarter 2018, compared to \$13.4 million in the preceding quarter, and increased \$375 thousand, or 2.86%, compared to \$13.1 million in the first quarter of 2017.

Level One's first quarter noninterest expenses were \$9.1 million, compared to \$9.2 million in the preceding quarter and \$8.7 million in the first quarter of 2017. The efficiency ratio, which is a measure of operating expenses as a percentage of net interest income and noninterest income, for the first quarter of 2018 was 67.7%, compared to 68.6% for the preceding quarter and 66.1% in the first quarter of 2017.

Level One's income tax provision was \$642 thousand, or 16.9% of pretax income, during the three months ended March 31, 2018, as compared to \$2.3 million, or 71.3% of pretax income, in the preceding quarter and \$1.5 million, or 35.2% of pretax income, in the first quarter of 2017. The decrease in tax expense during the three months ended March 31, 2018, as compared to first quarter 2017 and fourth quarter of 2017, is a result of the change in tax rates due to the enactment of the Tax Cuts and Jobs Act ("TCJA"). The increase in tax expense during the fourth quarter of 2017, as compared to first quarter 2017, was a result of the Company recognizing a \$1.3 million tax expense as a result of the TCJA, of which the expense recorded is primarily attributable to the remeasurement of net deferred tax assets.

Asset Quality

Level One's asset quality remained solid during the first quarter of 2018. Total nonperforming assets, consisting of nonaccrual loans and other real estate owned (OREO), were \$13.0 million, or 1.23% of total loans, at March 31, 2018, a decrease of \$1.7 million from nonperforming assets of \$14.7 million, or 1.42% of total loans at December 31, 2017, and a decrease of \$3.4 million from nonperforming assets of \$16.3 million, or 1.70% of total loans at March 31, 2017. Nonperforming assets as a percentage of total assets were 1.00% at March 31, 2018, compared to 1.13% at December 31, 2017, and 1.40% at March 31, 2017.

Nonaccrual loans decreased by \$1.0 million, or 7.63%, to \$13.0 million at March 31, 2018, compared to \$14.0 million at December 31, 2017. In addition, we had \$263 thousand in loans 90 days or more past due and still accruing at March 31, 2018, compared to \$440 thousand at December 31, 2017.

Performing troubled debt restructured loans that were not included in nonaccrual loans at March 31, 2018 were \$2.4 million, compared to \$1.2 million in the preceding quarter. Borrowers who are in financial difficulty and who have been granted concessions that may include interest rate reductions, forbearance agreements, and principal deferral or reduction, are categorized as troubled debt restructured loans.

Net charge offs in the first quarter of 2018 were \$755 thousand, or 0.29% of average loans on an annualized basis, compared to \$873 thousand, or 0.35% of average loans on an annualized basis for the preceding quarter and \$48 thousand, or 0.02% of average loans on an annualized basis at March 31, 2017.

Level One's first quarter provision for loan losses was \$554 thousand, compared to \$956 thousand in the preceding quarter and \$198 thousand in the first quarter of 2017. The allowance for loan losses was \$11.5 million, or 1.09% of total loans at March 31, 2018, compared to \$11.7 million, or 1.13% of total loans at December 31, 2017, and \$11.2 million, or 1.17% of total loans at March 31, 2017. As of March 31, 2018, the allowance for loan losses as a percentage of nonperforming loans was 88.67%, compared to 83.38% at December 31, 2017, and 71.04% at March 31, 2017.

Capital

Total shareholders' equity was \$110.5 million at March 31, 2018, an increase of \$2.6 million, or 2.37%, compared with \$108.0 million at December 31, 2017 and increased \$10.9 million, or 10.97%, from \$99.6 million at March 31, 2017.

The tier 1 leverage, common equity tier 1, and total capital ratios were 8.15%, 9.47%, and 11.87%, respectively, at March 31, 2018, compared to 7.92%, 9.10%, and 11.55% at December 31, 2017 and 9.02%, 10.18%, and 11.28% at March 31, 2017, respectively.

About Level One Bancorp, Inc.

Level One Bancorp, Inc. is the holding company for Level One Bank, a full-service commercial and consumer bank headquartered in Michigan with assets of approximately \$1.30 billion as of March 31, 2018. It operates twelve banking centers throughout Southeast Michigan and West Michigan. For more information, visit www.levelonebank.com.

Forward-Looking Statements

This release contains forward-looking statements that reflect management's current views of future events and operations. These forward-looking statements are based on the information currently available to the Company as of the date of this release. It is important to note that these forward-looking statements are not guarantees of future performance and involve risk and uncertainties, including, but not limited to, the ability of the Company to implement its strategy and expand its lending operations, as well as other risks described in the Company's filings with the Securities and Exchange Commission. The Company does not undertake any obligation to update or revise any forward-looking statements to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

Media Contact:

Nicole Ransom
(248) 538-2183

Investor Relations Contact:

Peter Root
(248) 538-2186

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

| (Dollars in thousands, except per share data) | 2018 | | 2017 | | | |
|---|----------------|-----------|----------------|----------------|----|-----------|
| | 1st Qtr | | 4th Qtr | 1st Qtr | | |
| Earnings Summary | | | | | | |
| Interest income | \$ | 14,774 | \$ | 14,378 | \$ | 13,447 |
| Interest expense | | 2,647 | | 2,374 | | 1,703 |
| Net interest income | | 12,127 | | 12,004 | | 11,744 |
| Provision for loan losses | | 554 | | 956 | | 198 |
| Noninterest income | | 1,372 | | 1,394 | | 1,380 |
| Noninterest expense | | 9,135 | | 9,193 | | 8,677 |
| Income before income taxes | | 3,810 | | 3,250 | | 4,249 |
| Income tax provision | | 642 | | 2,317 | | 1,497 |
| Net income | | 3,168 | | 933 | | 2,752 |
| Per Share Data | | | | | | |
| Basic earnings per common share | \$ | 0.48 | \$ | 0.15 | \$ | 0.43 |
| Diluted earnings per common share | | 0.47 | | 0.14 | | 0.42 |
| Book value per common share | | 16.79 | | 16.78 | | 15.59 |
| Tangible book value per share ⁽¹⁾ | | 15.27 | | 15.21 | | 13.99 |
| Shares outstanding (in thousands) | | 6,585 | | 6,435 | | 6,387 |
| Average basic common shares (in thousands) | | 6,539 | | 6,403 | | 6,368 |
| Average diluted common shares (in thousands) | | 6,699 | | 6,630 | | 6,603 |
| Selected Period End Balances | | | | | | |
| Total assets | \$ | 1,300,629 | \$ | 1,301,291 | \$ | 1,169,759 |
| Securities available-for-sale | | 160,349 | | 150,969 | | 108,497 |
| Total loans | | 1,051,354 | | 1,034,923 | | 960,990 |
| Total deposits | | 1,112,644 | | 1,120,382 | | 966,858 |
| Total liabilities | | 1,190,106 | | 1,193,331 | | 1,070,160 |
| Total shareholders' equity | | 110,523 | | 107,960 | | 99,599 |
| Tangible shareholders' equity ⁽¹⁾ | | 100,524 | | 97,906 | | 89,369 |
| Performance and Capital Ratios | | | | | | |
| Return on average assets | | 1.00 | % | 0.29% | | 0.96% |
| Return on average equity | | 11.64 | | 3.40 | | 11.28 |
| Net interest margin (fully taxable equivalent) ⁽²⁾ | | 4.03 | | 4.01 | | 4.34 |
| Total shareholders' equity to total assets | | 8.50 | | 8.30 | | 8.51 |
| Tangible equity to tangible assets ⁽¹⁾ | | 7.79 | | 7.58 | | 7.71 |
| Common equity tier 1 capital | | 9.47 | | 9.10 | | 8.92 |
| Tier 1 leverage ratio | | 8.15 | | 7.92 | | 7.89 |
| Tier 1 risk-based capital | | 9.47 | | 9.10 | | 8.92 |
| Total risk-based capital | | 11.87 | | 11.55 | | 11.48 |
| Asset Quality Ratios: | | | | | | |
| Net charge-offs to average loans | | 0.29% | | 0.35% | | 0.02% |
| Nonperforming assets as a percentage of total assets | | 1.00 | | 1.13 | | 1.40 |
| Nonperforming loans as a percent of total loans | | 1.23 | | 1.36 | | 1.65 |
| Allowance for loan losses as a percentage of period-end loans | | 1.09 | | 1.13 | | 1.17 |
| Allowance for loan losses as a percentage of nonperforming loans | | 88.67 | | 83.38 | | 71.04 |
| Allowance for loan losses as a percentage of nonperforming loans, excluding allowance allocated to loans accounted for under ASC 310-30 | | 80.36 | | 75.68 | | 65.70 |

⁽¹⁾ See section entitled "GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures" below.

⁽²⁾ Presented on a tax equivalent basis using a 35% tax rate for 2017 time periods and 21% tax rate for Q1 2018.

GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures

Some of the financial measures included in this earnings release are not measures of financial performance recognized by GAAP. These non-GAAP financial measures include tangible shareholders' equity, tangible book value per share and the ratio of tangible shareholders' equity to tangible assets. Our management uses these non-GAAP financial measures in its analysis of our performance, and we believe financial analysts and others frequently use these measures, and other similar measures, to evaluate capital adequacy. We calculate: (i) tangible shareholders' equity as total shareholders' equity less core deposit intangibles and goodwill; (ii) tangible book value per share as tangible shareholders' equity divided by shares of common stock outstanding; and (iii) tangible assets as total assets, less core deposit intangibles, less goodwill.

The following presents these non-GAAP financial measures along with their most directly comparable financial measure calculated in accordance with GAAP:

Level One Bancorp, Inc.

Reconciliation of Non-GAAP Financial Measures

(Unaudited)

| (Dollars in thousands, except per share data) | 2018 | 2017 | 2017 |
|---|--------------|--------------|--------------|
| | 1st Qtr | 4th Qtr | 1st Qtr |
| Total shareholders' equity | \$ 110,523 | \$ 107,960 | \$ 99,599 |
| Less: | | | |
| Goodwill | 9,387 | 9,387 | 9,387 |
| Core deposit intangibles | 612 | 667 | 843 |
| Tangible shareholders' equity | \$ 100,524 | \$ 97,906 | \$ 89,369 |
| Shares outstanding (in thousands) | 6,585 | 6,435 | 6,387 |
| Tangible book value per share | \$ 15.27 | \$ 15.21 | \$ 13.99 |
| Total assets | \$ 1,300,629 | \$ 1,301,291 | \$ 1,169,759 |
| Less: | | | |
| Goodwill | 9,387 | 9,387 | 9,387 |
| Core deposit intangibles | 612 | 667 | 843 |
| Tangible assets | \$ 1,290,630 | \$ 1,291,237 | \$ 1,159,529 |
| Tangible equity to tangible assets | 7.79% | 7.58% | 7.71% |

Level One Bancorp, Inc.
Consolidated Balance Sheets
(Unaudited)

| (Dollars in thousands, except share data) | March 31, 2018 | December 31, 2017 | March 31, 2017 |
|--|---------------------|----------------------|---------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 39,882 | \$ 63,661 | \$ 52,895 |
| Securities available-for-sale | 160,349 | 150,969 | 108,497 |
| Federal Home Loan Bank stock | 8,303 | 8,303 | 8,303 |
| Mortgage loans held for sale, at fair value | 1,871 | 4,548 | 1,346 |
| Loans: | | | |
| Originated loans | 946,179 | 920,895 | 818,101 |
| Acquired loans | 105,175 | 114,028 | 142,889 |
| Total loans | 1,051,354 | 1,034,923 | 960,990 |
| Less: Allowance for loan losses | (11,506) | (11,713) | (11,239) |
| Net loans | 1,039,848 | 1,023,210 | 949,751 |
| Premises and equipment, net | 13,282 | 13,435 | 15,568 |
| Goodwill | 9,387 | 9,387 | 9,387 |
| Other intangible assets, net | 612 | 667 | 843 |
| Bank-owned life insurance | 11,622 | 11,542 | 11,294 |
| Income tax benefit | 3,026 | 3,102 | 3,836 |
| Other assets | 12,447 | 12,467 | 8,039 |
| Total assets | \$ 1,300,629 | \$ 1,301,291 | \$ 1,169,759 |
| Liabilities | | | |
| Deposits: | | | |
| Noninterest-bearing demand deposits | \$ 298,917 | \$ 324,923 | \$ 271,216 |
| Interest-bearing demand deposits | 68,479 | 62,644 | 56,981 |
| Money market and savings deposits | 278,042 | 289,363 | 294,730 |
| Time deposits | 467,206 | 443,452 | 343,931 |
| Total deposits | 1,112,644 | 1,120,382 | 966,858 |
| Borrowings | 52,783 | 47,833 | 70,861 |
| Subordinated notes | 14,853 | 14,844 | 24,300 |
| Other liabilities | 9,826 | 10,272 | 8,141 |
| Total liabilities | 1,190,106 | 1,193,331 | 1,070,160 |
| Shareholders' equity | | | |
| Common stock: | | | |
| Authorized - 20,000,000 shares at 3/31/2018, 12/31/2017 and 3/31/2017 | | | |
| Issued and outstanding - 6,584,676 shares at 3/31/2018, 6,435,461 shares at 12/31/2017 and 6,387,209 shares at 3/31/2017 | 60,886 | 59,511 | 58,503 |
| Retained earnings | 52,568 | 49,232 | 42,143 |
| Accumulated other comprehensive loss, net of tax | (2,931) | (783) | (1,047) |
| Total shareholders' equity | 110,523 | 107,960 | 99,599 |
| Total liabilities and shareholders' equity | \$ 1,300,629 | \$ 1,301,291 | \$ 1,169,759 |

Level One Bancorp, Inc.
Consolidated Statements of Income
(Unaudited)

| (In thousands, except per share data) | Three months ended March 31, | |
|--|------------------------------|-----------------|
| | 2018 | 2017 |
| Interest income | | |
| Originated loans, including fees | \$ 11,178 | \$ 9,354 |
| Acquired loans, including fees | 2,426 | 3,393 |
| Securities: | | |
| Taxable | 574 | 414 |
| Tax-exempt | 351 | 171 |
| Federal funds sold and other | 245 | 115 |
| Total interest income | 14,774 | 13,447 |
| Interest Expense | | |
| Deposits | 2,178 | 1,277 |
| Borrowed funds | 219 | 176 |
| Subordinated notes | 250 | 250 |
| Total interest expense | 2,647 | 1,703 |
| Net interest income | 12,127 | 11,744 |
| Provision for loan losses | 554 | 198 |
| Net interest income after provision for loan losses | 11,573 | 11,546 |
| Noninterest income | | |
| Service charges on deposits | 642 | 580 |
| Net gain on sale of residential mortgage loans | 236 | 299 |
| Net gain on sale of commercial loans | - | 146 |
| Other charges and fees | 494 | 355 |
| Total noninterest income | 1,372 | 1,380 |
| Noninterest expense | | |
| Salary and employee benefits | 5,956 | 5,271 |
| Occupancy and equipment expense | 1,046 | 1,012 |
| Professional service fees | 266 | 540 |
| Marketing expense | 142 | 247 |
| Printing and supplies expense | 104 | 113 |
| Data processing expense | 436 | 413 |
| Other expense | 1,185 | 1,081 |
| Total noninterest expense | 9,135 | 8,677 |
| Income before income taxes | 3,810 | 4,249 |
| Income tax provision | 642 | 1,497 |
| Net income | \$ 3,168 | \$ 2,752 |
| Earnings per common share: | | |
| Basic | \$ 0.48 | \$ 0.43 |
| Diluted | \$ 0.47 | \$ 0.42 |
| Average common shares outstanding - basic | 6,539 | 6,368 |
| Average common shares outstanding - diluted | 6,699 | 6,603 |

Level One Bancorp, Inc.

Net Interest Income and Net Interest Margin

(Unaudited)

For the three months ended,

| (Dollars in thousands) | March 31, 2018 | | | December 31, 2017 | | | March 31, 2017 | | |
|--|---------------------|------------------|------------------|---------------------|------------------|------------------|---------------------|------------------|------------------|
| | Average Balance | Interest (1) | Average Rate (2) | Average Balance | Interest (1) | Average Rate (2) | Average Balance | Interest (1) | Average Rate (2) |
| Interest-earning assets: | | | | | | | | | |
| Gross loans (3) | \$ 1,037,045 | \$ 13,604 | 5.32% | \$ 1,010,229 | \$ 13,337 | 5.24% | \$ 961,479 | \$ 12,747 | 5.38% |
| Investment securities (4): | | | | | | | | | |
| Taxable | 102,135 | 574 | 2.28 | 98,045 | 508 | 2.06 | 78,464 | 414 | 2.14 |
| Tax-exempt | 54,996 | 351 | 3.16 | 50,568 | 314 | 3.58 | 28,705 | 171 | 3.53 |
| Interest earning cash balances | 27,090 | 106 | 1.59 | 36,953 | 125 | 1.34 | 27,439 | 59 | 0.87 |
| Federal Home Loan Bank Stock | 8,303 | 139 | 6.78 | 8,303 | 94 | 4.49 | 7,738 | 56 | 2.95 |
| Total interest-earning assets | 1,229,569 | 14,774 | 4.90 | 1,204,098 | 14,378 | 4.74 | 1,103,825 | 13,447 | 4.94 |
| Non-earning assets: | | | | | | | | | |
| Cash and due from banks | 18,531 | | | 17,885 | | | 18,336 | | |
| Premises and equipment | 13,362 | | | 13,620 | | | 15,631 | | |
| Goodwill | 9,387 | | | 9,387 | | | 9,387 | | |
| Other intangible assets, net | 644 | | | 700 | | | 878 | | |
| Company-owned life insurance | 11,570 | | | 11,489 | | | 11,241 | | |
| Allowance for loan losses | (11,822) | | | (11,577) | | | (11,168) | | |
| Other non-earning assets | 12,195 | | | 13,669 | | | 10,347 | | |
| Total assets | \$ 1,283,436 | | | \$ 1,259,271 | | | \$ 1,158,477 | | |
| Interest-bearing liabilities: | | | | | | | | | |
| Interest-bearing demand deposits | \$ 63,501 | \$ 51 | 0.33% | \$ 61,817 | \$ 50 | 0.32% | \$ 57,464 | \$ 39 | 0.27% |
| Money market and savings deposits | 273,699 | 548 | 0.81 | 244,792 | 421 | 0.68 | 287,154 | 374 | 0.53 |
| Time deposits | 456,555 | 1,579 | 1.40 | 441,090 | 1,465 | 1.32 | 317,690 | 864 | 1.10 |
| Subordinated Debt | 14,844 | 250 | 6.83 | 14,835 | 255 | 6.85 | 14,791 | 250 | 6.86 |
| Borrowings | 56,819 | 219 | 1.56 | 56,550 | 183 | 1.28 | 105,446 | 176 | 0.68 |
| Total interest-bearing liabilities | 865,418 | 2,647 | 1.24 | 819,084 | 2,374 | 1.15 | 782,545 | 1,703 | 0.88 |
| Noninterest-bearing liabilities and shareholders' equity: | | | | | | | | | |
| Noninterest bearing demand deposits | 298,681 | | | 321,426 | | | 268,286 | | |
| Other liabilities | 8,931 | | | 10,004 | | | 8,716 | | |
| Shareholders' equity | 110,406 | | | 108,757 | | | 98,930 | | |
| Total liabilities and shareholders' equity | \$ 1,283,436 | | | \$ 1,259,271 | | | \$ 1,158,477 | | |
| Net interest income | | \$ 12,127 | | | \$ 12,004 | | | \$ 11,744 | |
| Interest spread | | | 3.66 | | | 3.59 | | | 4.06 |
| Net interest margin (5) | | | 4.00 | | | 3.96 | | | 4.31 |
| Tax equivalent effect | | | 0.03 | | | 0.05 | | | 0.03 |
| Net interest margin on a fully tax equivalent basis | | | 4.03 | | | 4.01 | | | 4.34 |

(1) Interest income is shown on actual basis and does not include taxable equivalent adjustments.

(2) Average rates and yields are presented on an annual basis and includes a taxable equivalent adjustment to interest income of \$78 thousand, \$143 thousand and \$78 thousand on tax-exempt securities for the three months ended March 31, 2018, December 31, 2017 and March 31, 2017, respectively, using the statutory tax rate of 21% for the 2018 period and 35% for the 2017 periods.

(3) Includes nonaccrual loans.

(4) For presentation in this table, average balances and the corresponding average rates for investment securities are based upon historical cost, adjusted for amortization of premiums and accretion of discounts.

(5) Net interest margin represents net interest income divided by average total interest-earning assets.

Level One Bancorp, Inc.
Loan Composition
(Unaudited)

| (Dollars in thousands) | March 31, 2018 | December 31, 2017 | March 31, 2017 |
|-------------------------------|---------------------------|------------------------------|---------------------------|
| Commercial real estate | | | |
| Non-owner occupied | \$ 360,014 | \$ 343,420 | \$ 330,207 |
| Owner-occupied | 172,608 | 168,342 | 165,982 |
| Total commercial real estate | 532,622 | 511,762 | 495,979 |
| Commercial and industrial | 371,464 | 377,686 | 347,708 |
| Residential real estate | 146,436 | 144,439 | 116,120 |
| Consumer | 832 | 1,036 | 1,183 |
| Total loans | \$ 1,051,354 | \$ 1,034,923 | \$ 960,990 |