



NEWS RELEASE
August 29, 2022

FOR IMMEDIATE RELEASE

THUMB BANCORP, INC. AND EXCHANGE STATE BANK CORP.
ANNOUNCE MERGER

August 29, 2022 -- Thumb Bancorp, Inc., Pigeon, Michigan ("Thumb"), the bank holding company for Thumb Bank & Trust, and Exchange State Bank Corp., Carsonville, Michigan ("Exchange"), the bank holding company for Exchange State Bank, jointly announced the signing of an agreement and plan of reorganization. Under the terms of the agreement, Exchange will merge with and into Thumb and Exchange State Bank will merge with and into Thumb Bank & Trust.

The agreement provides upon closing of the transaction, each share of Exchange common stock will be exchanged for 0.5259 shares of Thumb common stock and approximately \$20.67 per share in cash. The final per share cash consideration is subject to adjustment based on the unrealized losses in Exchange's investment portfolio at closing and potential expenses associated with terminating Exchange's employee defined benefit plan. Based on Exchange's June 30, 2022 financial statements, the adjusted cash consideration per share would be approximately \$19.04. The total value of the transaction to Exchange is estimated at \$29.9 million or \$66.36 per share using a market value of \$90.00 per share for Thumb's common stock and June 30 financial statements of Exchange to estimate the cash consideration. On a pro forma basis, Exchange shareholders will own approximately 40% of the combined organization.

Thumb Bank & Trust was established in 1895 and operates branch offices in Bad Axe, Marlette, Bay City, Cass City, Caseville and Pigeon, Michigan. Thumb is privately-owned with 103 shareholders of record and will convert from an S-Corporation to a C-Corporation as part of the transaction. Thumb had assets of \$383.0 million as of June 30, 2022.

Exchange State Bank was established in 1901 and operates branch offices in Applegate, Carsonville, Deckerville, Brown City, Sandusky and Port Sanilac, Michigan. Exchange is also privately-owned with 506 shareholders of record. Exchange had assets of \$213.5 million as of June 30, 2022.

"We are proud to combine with Exchange State Bank," stated Ben Schott, Thumb's President and CEO. "This is a unique opportunity to combine with another community bank with a very similar business model and culture. Exchange and Thumb share a strong focus and commitment to community development and customers, further signifying they are the right partner for us."

Kelly Gerstenberger, President and CEO of Exchange, commented, "Thumb's emphasis on the customer by delivering exceptional service and value fits perfectly with our approach to community banking. I am very proud of what we have accomplished at Exchange State Bank and the deep customer relationships we have built in our communities. We believe combining with Thumb will enable us to further enhance the banking experience and capabilities we can provide to our customers."

Ben Schott will continue to serve as President & CEO of Thumb Bancorp, Inc. and Thumb Bank & Trust. Kelly Gerstenberger, Exchange President & CEO, will serve as a senior officer of Thumb Bank & Trust and four of Exchange's directors will join the Thumb board of directors. The merger is subject to regulatory and shareholder approval, among other customary conditions to closing. The merger is expected to close in late 2022 or early 2023.

Thumb was advised by ProBank Austin as financial advisor and Shumaker Loop & Kendrick, LLP, as legal counsel. Exchange was advised by Donnelly Penman & Partners as financial advisor and Bodman, PLC as legal counsel.

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