



THE PERFECT PARTNERSHIP...

BANK OF ANN ARBOR/FIRST NATIONAL BANK IN HOWELL MERGER FREQUENTLY ASKED QUESTIONS (FAQ'S)

Summary

- Bank of Ann Arbor (BOAA) has entered into a definitive agreement to acquire First National Bank in Howell (FNBH) for \$4.20 per share, resulting in an approximate \$116.5 million total purchase price in an all-cash transaction.
- BOAA and FNBH are high-performing community banks that are well-regarded in the industry and active in their communities. Both outperform industry norms and offer a similar array of services.
- Both value and prioritize employees, client service, community and charitable support and service.
- Clients will benefit from the combined experience and capabilities of the two institutions as BOAA services expand into adjoining Livingston County.
- BOAA has recently been recognized by the following organizations:
 - *Detroit Free Press in 2019 as one of the Top Workplaces in Michigan.*
 - *American Banker as one of the Best Banks to Work for in 2013, 2015, and 2017.*
 - *Employees of FNBH will benefit from BOAA's highly embraced health and wellness program that has received recognition by Crain's in 2015 and The Governors Fitness Awards in 2014.*
 - *The Independent Banker® magazine as a social media leader.*
 - *The bank has recently been ranked as the #1 performing bank in Michigan by the Financial Management Consulting Group.*
 - *Arbor Bancorp (Bank of Ann Arbor holding company) was included in Crain's Fast 50 for the fastest-growing companies in 2018.*
 - *DBusiness in July 2021 ranked BOAA as the 6th largest of 16 banks and thrifts in Metro Detroit.*



Q. So what's the announcement?

A. Arbor Bancorp, Inc. (Bank of Ann Arbor) has entered into a definitive agreement to purchase FNHB Bancorp, Inc. (First National Bank in Howell) (FNHM: OTC US). BOAA will acquire all outstanding shares of FNBH for \$4.20 per share or a \$116.5 million total purchase price. The purchase requires BOAA to attain regulatory approval, which is expected to take 90-120 days. Until regulatory approval is obtained, and we close on the sale of the bank, we will continue to operate as FNBH.

Once we close the transaction, the combined entity will have:

- 300+ employees
- 17 locations
- \$3.0 billion in total bank assets (FNBH has approximately \$647 million in total assets)
- \$2 billion in total assets under management in the Bank of Ann Arbor Trust and Investment Management portfolio

Q. Why has Bank of Ann Arbor re-entered into a definitive agreement at this time?

A. At the beginning of the pandemic, with so much uncertainty, both organizations thought it would be prudent to focus internally on our customers and employees. This strategy proved helpful as both organizations performed significantly well. Now that life is beginning to return to normal, we believe that it is a good time to start the process.

Q. Why did FNBH choose to partner with BOAA?

A. Several important considerations make BOAA our ideal merger partner:

- BOAA is Local – partnering with our next-door neighbor keeps things local and increases the potential for additional employment opportunities
- BOAA Cares – just like us, employees, communities, service and charitable support are top of list
- BOAA is a Community Bank – we felt it was very important to partner with someone who shares our strong commitment to community banking
- BOAA is a High Performing Bank – their strong financial performance provides resources that create additional opportunities for growth and development

Q. Why did BOAA choose to partner with FNBH?

A. BOAA appreciates how FNBH built our high-performing bank through the effort and results of high-performing people. They are very excited to have us join their organization.

- BOAA appreciates our culture and client profile – theirs is very, very similar
- BOAA is excited to create their first physical presence in Livingston County
- BOAA's financial strength and resources provides significant additional opportunities



- BOAA's growth and expansion strategy makes us an ideal addition to their already excellent collection of locations in Ann Arbor, Ypsilanti, Saline, Plymouth and Birmingham
- BOAA recognizes and values our strong retail, mortgage and commercial relationships

Q. What does this mean for FNBH clients?

A. FNBH clients will continue to be served by the same high-performing branch staff and lenders and will benefit from the combined organization's expanded lending capabilities. BOAA's expertise in their Technology Industry Group, UniFi Equipment Finance equipment leasing subsidiary and sophisticated Trust and Investment Management platform will also benefit our clients.

Q. What does this mean for FNBH staff?

A. BOAA places people first and has the same high-performing expectations as we do. While financial institution mergers inherently result in staffing redundancies and necessary staff reductions, BOAA will have a need to increase support roles and will prioritize FNBH employees as positions become available in their organization. Their geographic proximity and resultant potential opportunities for our staff was an important consideration when deciding they were the ideal partner. BOAA recognizes that our high-performing bank is built through the results of high-performing people. BOAA has emphasized the importance of retaining the services of our front-line client facing personnel, who our clients have come to know and trust. Ron Long, President/CEO of FNBH, will continue as the Livingston County District President for BOAA and work closely with the BOAA management team to support alignment of staff resources.

Q. What will happen between now and closing of the transaction?

A. We will continue to run FNBH with our traditional professional dedication to client service and community (of course, these will continue after we close the merger with BOAA). During this period, we will begin to increasingly interact with BOAA personnel to more closely plan for the merger and integration of the two banks.

Q. How many employees are at BOAA?

A. BOAA currently employs 211 individuals, plus an additional 14 at their UniFi Equipment Finance affiliate.

Q. Is BOAA an experienced acquirer of businesses?

A. Yes, BOAA has a solid track record of successfully acquiring and integrating companies. In May 2010, BOAA acquired the former New Liberty Bank in Plymouth. In January 2013, BOAA acquired a leasing company based in Ann Arbor called UniFi Equipment Finance. In January 2017, BOAA acquired Bank of Birmingham.



Q. Will the First National Bank name change?

A. A name change to Bank of Ann Arbor is highly likely, however, we are still analyzing how to best operate in the Livingston County market. BOAA is a highly respected and well-known bank throughout Southeast Michigan. Additional research and evaluation will be completed before a decision is made.

Q. Where are BOAA's existing offices located?

A. BOAA has eight total offices with four in Ann Arbor, and one each in Ypsilanti, Saline, Plymouth and Birmingham. Additionally, UniFi Equipment Finance, which is an equipment leasing company, is housed at their Ellsworth branch and offices on the south side of Ann Arbor. See boaa.com Locations & Hours for more information.

Q. When was BOAA founded?

A. BOAA opened its doors in January 1996 with fifteen employees. Four of those employees are all still employed at BOAA.

Q. Where is BOAA headquartered and what is that office's phone number?

A. BOAA's 125 S. Fifth Ave., Ann Arbor location is considered their Main Office headquarters. You can reach that office at 734.662.1600.

Q. How do I access BOAA's website?

A. You can learn more by visiting boaa.com or bankofannarbor.com

Q. Is BOAA on social media?

A. Yes. You can find BOAA on Facebook, Twitter, YouTube, Instagram and LinkedIn. You can additionally find Sonic Lunch, an annual summer concert series created and hosted by BOAA, on Facebook, Twitter and Instagram. Lastly, their Birmingham market has its own pages listed as Bank of Ann Arbor, Woodward and can be found on Facebook and Instagram.

Q. I have more questions. Where can I get answers?

A. Since this announcement is new, there are not specific details available for every question. And, we must await regulatory approval before proceeding with more specific business combination plans. However, BOAA and FNBH are committed to keeping you, our trusted clients and our staffs as informed as possible. We will do this through regular communications and updates once regulatory approval is received and we near the combination of the two banks later this year. We anticipate this happening by year-end 2021.



In the meantime, FNBH staff would be happy to assist you. If they are unable to answer your question, they will refer you to the member of bank management most equipped to do so.

Thank you for your patience. Most of all, thank you for the trust and confidence you place in us and for banking locally with a community bank like First National and Bank of Ann Arbor.