

June 1, 2020

Dear Shareholder,

FNBH Bancorp, Inc. announces 2020 first quarter results and release of 2019 audited financial statements.

**FNBH Bancorp, Inc. reports the following results for first quarter 2020 and as of March 31, 2020**

- Net income of \$1,053,000, compared to \$1,117,000 for the first quarter of 2019
  - 2020 net interest income increased \$319,000 (7.7%) compared to first quarter 2019 primarily due to a \$32.9 million increase in average loans.
  - 2020 first quarter net income includes \$456,000 of gain on sale of loans originated by the Bank's in-house residential mortgage unit compared to \$234,000 for the same prior year period.
  - 2019 first quarter net income included \$117,000 of fair value gain recognized on equity securities compared to \$0 fair value gain recognized in first quarter 2020 earnings.
  - 2020 first quarter noninterest expense includes \$332,000 of professional fees related to the Company's pending merger transaction with Arbor Bancorp, Inc.
- Total assets of \$433.6 million, decreased slightly from \$435.2 million at year-end 2019
- Tangible book value per share of \$2.07, compared to \$2.03 at year-end 2019
- Increase in total portfolio loans of \$5.5 million, or 1.5% from year-end 2019
- Increase in nonperforming assets of \$222,000 to \$1.7 million, or 14.7% since year-end 2019.
  - The Bank's Classified Asset Ratio measured 2.9% and 4.5% at March 31, 2020 and December 31, 2019, respectively.

For additional information on the Company's subsidiary bank, First National Bank in Howell, please visit the FFIEC's central data repository public data website at <https://cdr.ffiec.gov/public/>.

**Release of the 2019 audited financial statements for FNBH Bancorp, Inc.**

Our 2019 audited financial statements are now available to view and download from the Company's website at [www.fnbh.com](http://www.fnbh.com). As a means to control expenses and leverage technology, the audited financial statements will not be distributed to shareholders by mail. If you wish to receive a printed copy of the 2019 audited financial statements, please contact our Call Center at (517) 546-3150 to request a copy.

**Update on Merger Transaction with Arbor Bancorp, Inc.**

At a special meeting of shareholders held on April 29, 2020, the shareholders of FNBH Bancorp, Inc. approved the proposed transaction to merge with and into Arbor Bancorp, Inc. At the present time, the merger remains subject to the satisfaction of other customary closing conditions, including regulatory approvals. It is difficult to know whether or how the COVID-19 pandemic may impact the merger. It is possible the economic uncertainty resulting from the pandemic may delay or otherwise impact the regulatory approval process. Federal and state bank regulators have a great deal of discretion to review and approve such transactions, and the process is often a very uncertain one even under normal economic conditions.

## Efforts to Support Our Customers and Community during the COVID-19 Pandemic

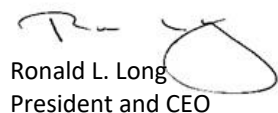
In response to unprecedented challenges brought on by the pandemic, the Bank is working proactively with its borrowers to grant payment modifications/deferrals to help ease the impact of the coronavirus. In addition, the Bank has participated in the Paycheck Protection Program (PPP) under the federal CARES Act to provide loans for small businesses to keep their workers on the payroll. These initiatives are intended to support our customers and our community during the pandemic and mitigate the otherwise adverse consequences of business failures, bankruptcies, and foreclosures while we await the resumption of more normal economic conditions. If you or someone you know needs financial assistance during these difficult times, please contact us to determine how we can help.

We thank you for your investment and your commitment to community banking. Your questions and suggestions are always welcome. Please contact me or any of our Directors anytime. Our contact information is provided below.

The Company's common stock is quoted and traded under the symbol "FNHM" on the OTC Pink Open Market. If you are interested in buying or selling shares of FNBH Bancorp, Inc., please contact either:

- Thomas Dooley or Nick Bicking with D|A|Davidson at 800-394-9230. (Products and services are offered through DA Davidson. D|A|Davidson is not affiliated with FNBH Bancorp, Inc.)
- R. Nicholas Bach at 704-281-0745 with FIG Partners LLC. (Products and services are offered through FIG Partners LLC. FIG Partners LLC is not affiliated with FNBH Bancorp, Inc.)
- Christopher Chapman at Boenning & Scattergood at 216-378-1297. (Products and services are offered through Boenning & Scattergood. Boenning & Scattergood is not affiliated with FNBH Bancorp, Inc.)

Cordially,

  
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### **DISCLAIMER**

*Discussions and statements in this letter that are not statements of historical fact, including, without limitation, statements that include terms such as "will," "may," "should," "believe," "expect," "forecast," "anticipate," "estimate," "project," "intend," "likely," "optimistic" and "plan," and statements about future or projected financial and operating results, plans, projections, objectives, expectations, and intentions and other statements that are not historical facts, are forward-looking statements. Forward-looking statements include, but are not limited to, statements about the impact of the COVID-19 pandemic on the pending merger transaction; descriptions of plans and objectives for future operations, products or services; projections of our future revenue, earnings or other measures of economic performance; forecasts of credit losses and other asset quality trends; statements about our business and growth strategies; and expectations about economic and market conditions and trends. These forward-looking statements express our current expectations, forecasts of future events, or long-term goals and, by their nature, are subject to assumptions, risks, and uncertainties. Although we believe that the expectations, forecasts, and goals reflected in these forward-looking statements are reasonable, actual results could differ materially for a variety of reasons. For example, there is no assurance the merger with Arbor Bancorp, Inc. will obtain the necessary regulatory approvals; there is significant uncertainty regarding the economic impact of the COVID-19 pandemic on our business and the markets we serve; our loan portfolio may not perform as we expect; we may not be successful with our cost reduction, loan growth, and other initiatives; and/or economic conditions could deteriorate in a manner that further hurts our financial condition or performance.*

*Our results of operations, cash flows, financial position, and prospects could also be materially and adversely affected by additional factors that are not presently known to us, that we currently consider to be immaterial, or that develop after the date of this letter. We cannot assure you that our future results will meet expectations. While we believe the forward-looking statements in this letter are reasonable, you should not place undue reliance on any forward-looking statement. In addition, these statements speak only as of the date made. We do not undertake, and expressly disclaim, any obligation to update or alter any statements, whether as a result of new information, future events, or otherwise, except as required by applicable law.*

**FNBH BANCORP, INC.**  
**SUMMARY FINANCIAL DATA**  
**March 31, 2020 Shareholder Correspondence**  
(Unaudited)

**Three months ended**  
**March 31,**

<b>2020</b>	<b>2019</b>
(in thousands, except per share data)	

**Income Statement Data:**

Interest income	\$ 4,701	\$ 4,320
Interest expense	263	201
Net interest income	4,438	4,119
Provision (credit) for loan losses	-	-
Noninterest income	649	630
Gain on sales of loans held for sale	456	234
Fair value gain recognized on equity securities	-	117
Net gain (loss) on repossessed assets	3	(12)
Noninterest expense	4,137	3,689
Income before income taxes	1,409	1,399
Net income	1,053	1,117

**Per Share Data:**

Earnings per basic common share	\$ 0.04	\$ 0.04
Weighted average common shares outstanding	27,771,691	27,771,678

**Balance Sheet Data:**

	<b>March 31,</b>	<b>December 31,</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
		(in thousands)			
Total assets	\$ 433,566	\$ 435,231	\$ 412,384	\$ 400,575	\$ 399,281
Portfolio loans, gross	362,941	357,414	323,793	267,245	226,507
Allowance for loan losses	5,906	5,911	5,655	4,897	4,826
Securities	34,475	35,466	44,270	71,906	143,720
Deposits	373,769	375,858	360,644	347,625	332,065
Other borrowings	-	-	-	5,000	20,500
Shareholders' equity	57,569	56,441	49,623	46,244	45,151

**Ratios:**

Allowance for loan losses to loans outstanding	1.63%	1.65%	1.75%	1.83%	2.13%
Average equity to average asset ratio	13.19%	12.64%	12.08%	12.19%	10.39%
Net interest margin (tax equivalent)	4.27%	4.40%	4.17%	3.49%	3.37%

**Nonperforming Loans and Assets:**

	<b>March 31,</b>	<b>December 31,</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
		(in thousands)			
Nonaccrual loans	\$ 1,642	\$ 1,350	\$ 1,176	\$ 2,157	\$ 2,103
Loans past due 90 days and still accruing	-	-	16	-	-
<b>Total nonperforming loans</b>	<b>1,642</b>	<b>1,350</b>	<b>1,192</b>	<b>2,157</b>	<b>2,103</b>
Other real estate owned and repossessed assets	95	165	62	50	170
<b>Total nonperforming assets</b>	<b>\$ 1,737</b>	<b>\$ 1,515</b>	<b>\$ 1,254</b>	<b>\$ 2,207</b>	<b>\$ 2,273</b>
Nonperforming loans to total portfolio loans	0.45%	0.38%	0.37%	0.81%	0.93%
Allowance for loan losses to nonperforming loans	359.57%	437.93%	474.50%	227.06%	229.52%
Nonperforming assets to total portfolio loans, other real estate and repossessed assets	0.48%	0.42%	0.39%	0.83%	1.00%

**Classified Loans:**

	<b>March 31,</b>	<b>December 31,</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
		(in thousands)			
Commercial	\$ -	\$ -	\$ -	\$ 27	\$ -
Commercial Real Estate	1,069	2,184	348	1,239	847
Consumer Real Estate	463	208	721	937	1,325
Consumer and Other	110	52	159	8	21
<b>Total</b>	<b>\$ 1,642</b>	<b>\$ 2,444</b>	<b>\$ 1,228</b>	<b>\$ 2,211</b>	<b>\$ 2,193</b>