

February 11, 2020

Dear Shareholder,

FNBH Bancorp, Inc. announces 2019 annual and fourth quarter results and definitive agreement to merge with Arbor Bancorp, Inc. (Bank of Ann Arbor), Ann Arbor, Michigan.

FNBH Bancorp, Inc. reports the following annual and fourth quarter results for 2019

- Annual net income of \$5.8 million compared to \$3.2 million in 2018
 - 2019 net income includes \$409,000 of gain recognized on sales of investment securities. 2018 net income included \$1.3 million of loss on sales of investment securities and depreciation in the market value of equity securities.
 - 2019 gain on sale of residential mortgages totaled \$1.5 million compared to \$743,000 in 2018.
 - 2019 pre-tax, pre-provision, pre-security gain/loss income totaled \$6.9 million compared to \$5.3 million in 2018.
- Quarterly net income of \$1.6 million compared to \$1.5 million for the fourth quarter of 2018
 - 2019 fourth quarter net income includes \$122,000 of loss recognized on depreciation in the market value of equity securities compared to \$118,000 of gain recognized on appreciation in the market value of equity securities in fourth quarter 2018.
 - 2019 fourth quarter net income includes \$555,000 of gain on sale of residential mortgages compared to \$208,000 in fourth quarter 2018.
 - 2019 fourth quarter pre-tax, pre-provision, pre-security gain/loss income totaled \$2.1 million compared to \$1.8 million for the fourth quarter of 2018.
- Total assets of \$435.2 million, increased \$22.8 million from year-end 2018
- Tangible book value per share of \$2.03, compared to \$1.79 at year-end 2018
- Increase in total portfolio loans of \$33.6 million, or 10.4% since year-end 2018
- Increase in nonperforming assets of \$261,000 to \$1.5 million, or 20.8% since year-end 2018
 - The Bank's Classified Asset Ratio measured 4.5% and 3.7% at December 31, 2019 and 2018, respectively.

2019 net interest margin was 4.40% compared to 4.17% in 2018. The improved net interest margin was attributable to the completion of a balance sheet restructuring in late 2018 and loan and deposit pricing discipline maintained during 2019. Sale of \$25.8 million of investment securities in 2018, which generated a \$1.2 million loss, provided funding to originate loans at higher yields relative to the sold investments. Gain on residential mortgage sales in 2019 more than doubled the amount of gain recognized on residential mortgage sales in 2018.

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/>.

FNBH Bancorp, Inc. announces pending sale to Arbor Bancorp, Inc.

Arbor Bancorp, Inc. ("Arbor"), the holding company for Bank of Ann Arbor, and FNBH Bancorp, Inc., the holding company for First National Bank in Howell, recently announced they have entered into a definitive agreement for Arbor to acquire FNBH Bancorp, Inc. in an all-cash transaction.

Under the terms of the agreement, FNBH Bancorp, Inc. shareholders will receive \$3.65 in cash for each share of FNBH Bancorp, Inc. common stock outstanding, subject to adjustment in certain limited circumstances. This results in a deal value of approximately \$101.4 million.

The transaction is expected to be completed during the second quarter of 2020, subject to the satisfaction of customary closing conditions, including regulatory approvals and the approval of the shareholders of FNBH Bancorp, Inc. Additional details will be forthcoming regarding our special shareholder meeting to approve the transaction. A full copy of the merger agreement will be provided in advance of that shareholder meeting, and the description of the merger agreement in this letter is qualified in its entirety by the full merger agreement.

Please visit our website at www.fnbh.com for additional details on the pending merger.

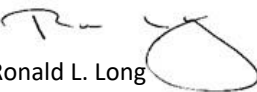
The Company's common stock is quoted and traded under the symbol "FNHM" on the OTC Pink Open Market. If you are interested in buying or selling shares of FNBH Bancorp, Inc., please contact one of the following:

- 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 Janney Montgomery Scott LLC (formerly 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.)

We thank you for your investment and your commitment to community banking, including your loan and deposit business and customer referrals.

Your questions or suggestions are always welcome. Please contact me or any of our Directors anytime. Our contact information is provided below.

Best wishes for a fulfilling and rewarding 2020!



Ronald L. Long
President and CEO
Rlong@fnbh.com
517-545-2221

<i>Phil Utter</i> , Board Chairman PUtter@FNBH.com	<i>Stan Dickson</i> , Board Vice-Chair SDickson@FNBH.com	<i>Tim Corrigan</i> , Director TCorrigan@FNBH.com	<i>Robert Clemente</i> , Director RClemente@FNBH.com
--------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------

<i>Will Dickson</i> , Director WDickson@FNBH.com	<i>Ken Marblestone</i> , Director KMarblestone@FNBH.com	<i>Mike Yost</i> , Director MYost@FNBH.com
--------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------

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, our expectation that our sale to Arbor will occur, as anticipated, including the timing of the closing of the 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, the sale to Arbor may not occur on the timeframe anticipated, or at all; 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
December 31, 2019 Shareholder Correspondence
(Unaudited)

	Three months ended December 31,		Twelve months ended December 31,	
	2019	2018	2019	2018
	(in thousands, except per share data)			
Income Statement Data:				
Interest income	\$ 4,863	\$ 4,523	\$ 18,533	\$ 15,881
Interest expense	293	155	1,043	534
Net interest income	4,570	4,368	17,490	15,347
Provision for loan losses	-	-	-	-
Noninterest income	729	700	2,771	2,557
Gain on sale of loans held for sale	555	208	1,479	743
Gain on sale of portfolio loans	74	-	74	-
Net gain (loss) on sales of available for sale securities	31	-	31	(1,176)
Gain (loss) recognized on the fair value of equity securities	(122)	118	378	(110)
Loss on valuation write-down of premises held for sale	-	(60)	(70)	(60)
Net loss on repossessed assets	-	-	(12)	-
Noninterest expense	3,829	3,452	14,804	13,266
Income before income taxes	2,008	1,882	7,337	4,035
Net income	1,587	1,487	5,828	3,220
Per Share Data:				
Earnings per basic common share	\$ 0.06	\$ 0.05	\$ 0.21	\$ 0.12
Weighted average common shares outstanding	27,771,678	27,771,678	27,771,678	27,771,678

	December 31,				
	2019	2018	2017	2016	2015
	(in thousands)				
Balance Sheet Data:					
Total assets	\$ 435,231	\$ 412,384	\$ 400,575	\$ 399,281	\$ 348,169
Portfolio loans, gross	357,414	323,793	267,245	226,507	170,826
Allowance for loan losses	5,911	5,655	4,897	4,826	5,718
Securities	35,466	44,270	71,906	143,720	142,587
Deposits	375,858	360,644	347,625	332,065	313,066
Other borrowings	-	-	5,000	20,500	-
Shareholders' equity	56,441	49,623	46,244	45,151	34,033
Ratios:					
Allowance for loan losses to loans outstanding	1.65%	1.75%	1.83%	2.13%	3.35%
Average equity to average asset ratio	12.64%	12.08%	12.19%	10.39%	9.74%
Net interest margin (tax equivalent)	4.40%	4.17%	3.49%	3.37%	3.15%

	December 31,				
	2019	2018	2017	2016	2015
	(in thousands)				
Nonperforming Loans and Assets:					
Nonaccrual loans	\$ 1,350	\$ 1,176	\$ 2,157	\$ 2,103	\$ 5,464
Loans past due 90 days and still accruing	-	16	-	-	-
Total nonperforming loans	1,350	1,192	2,157	2,103	5,464
Other real estate owned and repossessed assets	165	62	50	170	971
Total nonperforming assets	\$ 1,515	\$ 1,254	\$ 2,207	\$ 2,273	\$ 6,435
Nonperforming loans to total portfolio loans	0.38%	0.37%	0.81%	0.93%	3.20%
Allowance for loan losses to nonperforming loans	437.93%	474.50%	227.06%	229.52%	104.64%
Nonperforming assets to total portfolio loans, other real estate and repossessed assets	0.42%	0.39%	0.83%	1.00%	3.75%

	December 31,				
	2019	2018	2017	2016	2014
	(in thousands)				
Classified Loans:					
Commercial	\$ -	\$ -	\$ 27	\$ -	\$ 62
Commercial Real Estate	2,184	348	1,239	847	3,385
Consumer Real Estate	208	721	937	1,325	2,242
Consumer and Other	52	159	8	21	60
Total	\$ 2,444	\$ 1,228	\$ 2,211	\$ 2,193	\$ 5,749