

October 28, 2020

Dear Shareholder,

FNBH Bancorp, Inc. reports the following results as of and for the three and nine months ended September 30, 2020.

- Quarterly net income of \$1.8 million compared to \$1.6 million for the third quarter of 2019
 - Pre-tax, pre-provision, pre-security gain/loss income of \$2.6 million compared to \$2.0 million in 2019.
 - \$500,000 provision expense compared to \$0 in 2019.
 - \$143,000 net investment gains compared to \$55,000 in 2019.
 - Gain on sale of residential mortgage loans totaled \$1.1 million compared to \$393,000 in 2019.
- Year to date net income of \$5.1 million compared to \$4.2 million in 2019
 - Pre-tax, pre-provision, pre-security gain/loss income of \$7.3 million compared to \$4.8 million in 2019.
 - \$1.0 million provision expense compared to \$0 in 2019.
 - \$145,000 net investment gains compared to \$500,000 in 2019.
 - Gain on sale of residential mortgage loans totaled \$2.5 million compared to \$924,000 in 2019.
- Select balance sheet highlights and asset quality measures at September 30, 2020
 - Total assets of \$544.8 million, increased from \$435.2 million at year-end 2019
 - \$103.8 million in cash and cash equivalents at September 30, 2020 compared to \$23.6 million at December 31, 2019
 - Tangible book value per share of \$2.23 compared to \$2.03 at year-end 2019
 - Increase in total portfolio loans of \$40.1 million, or 11.2% since year-end 2019
 - \$62.6 million in Paycheck Protection Program (“PPP”) loan originations
 - \$22.5 million decrease in non-PPP loan portfolio balances
 - Allowance for loan losses to gross portfolio loans of 1.77% compared to 1.65% at December 31, 2019
 - 2.10% of total non-PPP loans as of September 30, 2020
 - Increase in nonperforming assets of \$261,000 to \$1.8 million since December 31, 2019
 - Classified Asset Ratio measured 10.2% and 4.5% at September 30, 2020 and December 31, 2019, respectively.

September 30, 2020 cash and cash equivalents has increased by \$80.2 million since the beginning of this year. Management is working to prudently deploy these funds into higher yielding assets.

The bank has commenced the formal forgiveness process for the first of the 500 greater Livingston County small businesses that benefited from \$60 million in forgivable loans through the bank’s participation in PPP under the federal CARES Act. Management anticipates that virtually all PPP loans will eventually qualify for forgiveness.

During the first half of 2020, the bank also worked proactively with its borrowers to grant payment modifications/deferrals to help ease the impact of the coronavirus. Approximately 200 customer relationships representing \$54.7 million (4.7% of the bank’s total notes comprising 14% of the bank’s loan portfolio balance) were granted some form of payment modification/deferral. As payment modifications/deferrals have expired, very few recipients have at this time requested continued relief.

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/>.

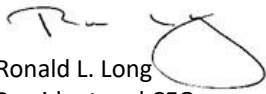
The Company's common stock is quoted and traded under the symbol "FNHM" on the OTC Pink Open Market. If you are interested in buying or selling shares of FNBH Bancorp, Inc., please contact either:

- 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 Janney Montgomery Scott LLC (formerly FIG Partners LLC). (Products and services are offered through Janney Montgomery Scott LLC. Janney Montgomery Scott 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 and suggestions are always welcome. Please contact me or any of our Directors anytime. Our contact information is provided below.

Cordially,



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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; 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 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
September 30, 2020 Shareholder Correspondence
(Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	(in thousands, except per share data)			
Income Statement Data:				
Interest income	\$ 4,930	\$ 4,787	\$ 14,569	\$ 13,670
Interest expense	231	297	744	750
Net interest income	4,699	4,490	13,825	12,920
Provision for loan losses	500	-	1,000	-
Noninterest income	950	733	3,040	2,042
Gain on sales of loans held for sale	1,053	393	2,453	924
Net gain on sales of available for sale securities	143	-	145	-
Gain recognized on equity securities	-	55	-	500
Loss on valuation write-down of premises held for sale	-	-	-	(70)
Net loss on repossessed assets	-	-	(15)	(12)
Noninterest expense	4,058	3,663	12,038	10,975
Income before income taxes	2,287	2,008	6,410	5,329
Net income	1,818	1,598	5,096	4,241
Per Share Data:				
Earnings per basic common share	\$ 0.07	\$ 0.06	\$ 0.18	\$ 0.15
Weighted average common shares outstanding	27,771,691	27,771,678	27,771,691	27,771,678

	September 30,	December 31,			
	2020	2019	2018	2017	2016
	(in thousands)				
Balance Sheet Data:					
Total assets	\$ 544,843	\$ 435,231	\$ 412,384	\$ 400,575	\$ 399,281
Portfolio loans, gross	397,479	357,414	323,793	267,245	226,507
Allowance for loan losses	7,034	5,911	5,655	4,897	4,826
Securities	27,375	35,466	44,270	71,906	143,720
Deposits	478,806	375,858	360,644	347,625	332,065
Other borrowings	-	-	-	5,000	20,500
Shareholders' equity	61,894	56,441	49,623	46,244	45,151
Ratios:					
Allowance for loan losses to loans outstanding	1.77%	1.65%	1.75%	1.83%	2.13%
Average equity to average asset ratio	11.73%	12.64%	12.08%	12.19%	10.39%
Net interest margin (tax equivalent)	3.92%	4.40%	4.17%	3.49%	3.37%

	September 30,	December 31,			
	2020	2019	2018	2017	2016
	(in thousands)				
Nonperforming Loans and Assets:					
Nonaccrual loans	\$ 1,677	\$ 1,350	\$ 1,176	\$ 2,157	\$ 2,103
Loans past due 90 days and still accruing	85	-	16	-	-
Total nonperforming loans	<u>1,762</u>	<u>1,350</u>	<u>1,192</u>	<u>2,157</u>	<u>2,103</u>
Other real estate owned and repossessed assets	14	165	62	50	170
Total nonperforming assets	<u>\$ 1,776</u>	<u>\$ 1,515</u>	<u>\$ 1,254</u>	<u>\$ 2,207</u>	<u>\$ 2,273</u>
Nonperforming loans to total portfolio loans	0.44%	0.38%	0.37%	0.81%	0.93%
Allowance for loan losses to nonperforming loans	399.16%	437.93%	474.50%	227.06%	229.52%
Nonperforming assets to total portfolio loans, other real estate and repossessed assets	0.45%	0.42%	0.39%	0.83%	1.00%

	September 30,	December 31,			
	2020	2019	2018	2017	2016
	(in thousands)				
Classified Loans:					
Commercial	\$ -	\$ -	\$ -	\$ 27	\$ -
Commercial Real Estate	5,899	2,184	348	1,239	847
Consumer Real Estate	541	208	721	937	1,325
Consumer and Other	100	52	159	8	21
Total	<u>\$ 6,540</u>	<u>\$ 2,444</u>	<u>\$ 1,228</u>	<u>\$ 2,211</u>	<u>\$ 2,193</u>