

June 8, 2021

Dear Shareholder,

FNBH Bancorp, Inc. announces 2021 first quarter results, release of 2020 audited financial statements and the 2021 Annual Shareholder Meeting.

**FNBH Bancorp, Inc. reports the following results for first quarter 2021 and as of March 31, 2021**

- Net income of \$1,546,000, compared to \$1,053,000 for the first quarter of 2020
  - 2021 net interest income increased \$236,000 compared to first quarter 2020
    - Net interest margin decreased from 4.27% in the first quarter of 2020 to 3.32% in first quarter 2021, and was more than offset by a \$151.5 million increase in average earning assets versus first quarter 2020
  - 2021 first quarter includes \$667,000 of gain on sale of residential mortgage loans compared to \$456,000 in first quarter 2020
- Total assets of \$636.9 million, increased from \$554.5 million at year-end 2020
  - Cash and cash equivalents totaled \$152 million on March 31, 2021
- Tangible book value per share of \$2.34, compared to \$2.29 at year-end 2020
- Increase in total portfolio loans of \$15.9 million from year-end 2020
  - \$57.8 million in funded Paycheck Protection Program (“PPP”) loans at March 31, 2021
- Slight increase in nonperforming assets to \$1,719,000 from \$1,675,000 at year-end 2020
  - The Bank’s Classified Asset Ratio measured 9.2% and 9.4% on March 31, 2021 and December 31, 2020, respectively.
  - The March 31, 2021 Allowance for Loan Loss equals 1.91% of total outstanding portfolio loans (2.23% of outstanding non-PPP portfolio loans)

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 assets have increased by \$203 million (47%) since March 31, 2020. While this growth better leverages the Company’s equity, its rapid nature has contributed to excess on balance sheet liquidity. This elevated liquidity combined with the low interest rate environment and general flatness in the short-end of the yield curve has resulted in net interest margin compression. Management is working to prudently deploy excess liquidity into higher yielding assets to improve our net interest margin and resultant profitability.

We are nearing conclusion of the formal forgiveness process for the 500 greater Livingston County small businesses that benefited from \$60 million in forgivable loans through the Bank’s 2020 participation in PPP under the federal CARES Act. During early 2021, the federal government announced a second round of PPP. The Company’s participation in PPP round two resulted in 455 loans totaling \$43.6 million and \$2.2 million in loan origination fee income.

**Release of the 2020 audited financial statements for FNBH Bancorp, Inc.**

Our 2020 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 2020 audited financial statements, please contact our Call Center at (517) 546-3150 to request a copy.

**2021 Annual Shareholder Meeting for FNBH Bancorp, Inc.**

This letter also provides notice of the 2021 Annual Meeting of Shareholders for FNBH Bancorp, Inc. to be held on Wednesday, July 28, 2021, at 10:00 a.m. at the Bank's main office at 101 E. Grand River in Howell, Michigan. The meeting is being held for the following purposes:

1. To elect each of the following directors for the term of office set forth opposite his name:

<u>Nominee</u>	<u>Proposed Term of Office</u>
Stanley Dickson	3-year term expiring in 2024
Ronald Long	3-year term expiring in 2024

2. To ratify the selection of Crowe LLP as independent auditor for 2021
3. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof

Only those stockholders of record at the close of business on June 1, 2021, shall be entitled to notice of and to vote at said meeting or any adjournment thereof.

You are cordially invited to vote your shares via the enclosed proxy card and/or attend the meeting and cast your vote in person. If you hold your shares through a broker, you will need to contact your broker for information about voting your shares and/or attending the meeting in person. Even if you plan to attend the meeting, please date and sign the enclosed proxy card, indicate your choice with respect to the matters to be voted upon, and return it promptly in the enclosed envelope.

If developments relating to the COVID-19 pandemic or related governmental restrictions prevent us from having an in-person meeting, we will send a follow-up notice to shareholders with updated meeting information.

**Share Repurchase Program**

During the fourth quarter of 2020, the Company implemented a share repurchase plan. Under the terms of the share repurchase plan, the Company is authorized to buy back up to 5% of its outstanding common stock. The share repurchase plan is authorized to last through December 31, 2021. For more information on the share repurchase plan or if you are interested in selling shares, please contact either Mark Huber, Chief Financial Officer, at 517-545-2213, me at 517-545-2221 or Eugene Bodo at Boenning & Scattergood (contact information below).

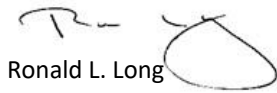
The Company's common stock is quoted and traded under the symbol "FNHM" on the OTC Pink Open Market. If you are interested in buying shares of FNBH Bancorp, Inc., please contact one of the following:

- 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.)
- Eugene Bodo at Boenning & Scattergood at 610-862-5368. (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 safe, fulfilling and rewarding summer!



Ronald L. Long  
President and CEO  
[Rlong@fnbh.com](mailto:Rlong@fnbh.com)  
(517) 545-2221

*Phil Utter*, Board Chairman  
[PUtter@FNBH.com](mailto:PUtter@FNBH.com)

*Stan Dickson*, Board Vice-Chair  
[SDickson@FNBH.com](mailto:SDickson@FNBH.com)

*Tim Corrigan*, Director  
[TCorrigan@FNBH.com](mailto:TCorrigan@FNBH.com)

*Robert Clemente*, Director  
[RClemente@FNBH.com](mailto:RClemente@FNBH.com)

*Will Dickson*, Director  
[WDickson@FNBH.com](mailto:WDickson@FNBH.com)

*Ken Marblestone*, Director  
[KMarblestone@FNBH.com](mailto:KMarblestone@FNBH.com)

*Mike Yost*, Director  
[MYost@FNBH.com](mailto: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, 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**  
**March 31, 2021 Shareholder Correspondence**  
(Unaudited)

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


---

**2021**      **2020**  


---

(in thousands, except per share data)

**Income Statement Data:**

Interest income	\$ 4,851	\$ 4,701
Interest expense	177	263
Net interest income	4,674	4,438
Provision (credit) for loan losses	-	-
Noninterest income	720	649
Gain on sales of loans held for sale	667	456
Net gain (loss) on repossessed assets	(1)	3
Noninterest expense	4,129	4,137
Income before income taxes	1,931	1,409
Net income	1,546	1,053

**Per Share Data:**

Earnings per basic common share	\$ 0.06	\$ 0.04
Weighted average common shares outstanding	27,771,691	27,771,691

<b>March 31,</b>	<b>December 31,</b>			
<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	(in thousands)			

**Balance Sheet Data:**

Total assets	\$ 636,871	\$ 554,508	\$ 435,231	\$ 412,384	\$ 400,575
Portfolio loans, gross	398,115	382,229	357,414	323,793	267,245
Allowance for loan losses	7,584	7,630	5,911	5,655	4,897
Securities	65,212	55,500	35,466	44,270	71,906
Deposits	564,017	487,211	375,858	360,644	347,625
Other borrowings	-	-	-	-	5,000
Shareholders' equity	64,933	63,699	56,441	49,623	46,244

**Ratios:**

Allowance for loan losses to loans outstanding	1.91%	2.00%	1.65%	1.75%	1.83%
Average equity to average asset ratio	10.96%	12.00%	12.64%	12.08%	12.19%
Net interest margin (tax equivalent)	3.32%	3.91%	4.40%	4.17%	3.49%

<b>March 31,</b>	<b>December 31,</b>			
<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	(in thousands)			

**Nonperforming Loans and Assets:**

Nonaccrual loans	\$ 1,616	\$ 1,675	\$ 1,350	\$ 1,176	\$ 2,157
Loans past due 90 days and still accruing	-	-	-	16	-
<b>Total nonperforming loans</b>	<b>1,616</b>	<b>1,675</b>	<b>1,350</b>	<b>1,192</b>	<b>2,157</b>
Other real estate owned and repossessed assets	103	-	165	62	50
<b>Total nonperforming assets</b>	<b>\$ 1,719</b>	<b>\$ 1,675</b>	<b>\$ 1,515</b>	<b>\$ 1,254</b>	<b>\$ 2,207</b>

Nonperforming loans to total portfolio loans	0.41%	0.44%	0.38%	0.37%	0.81%
Allowance for loan losses to nonperforming loans	469.43%	455.63%	437.93%	474.50%	227.06%
Nonperforming assets to total portfolio loans, other real estate and repossessed assets	0.43%	0.44%	0.42%	0.39%	0.83%

<b>March 31,</b>	<b>December 31,</b>			
<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	(in thousands)			

**Classified Loans:**

Commercial	\$ -	\$ -	\$ -	\$ -	\$ 27
Commercial Real Estate	5,470	5,522	2,184	348	1,239
Consumer Real Estate	587	602	208	721	937
Consumer and Other	97	114	52	159	8
<b>Total</b>	<b>\$ 6,154</b>	<b>\$ 6,238</b>	<b>\$ 2,444</b>	<b>\$ 1,228</b>	<b>\$ 2,211</b>