

Welcome
2019 Shareholder Meeting
July 24, 2019

FNBH BANCORP INC



Cautionary Note Regarding Forward Looking Statements

Forward looking statements are those concerning:

- *Future performance and events*
- *Future growth and market forecasts*
- *Any other guidance on future performance*

These statements are subject to risks and uncertainties. Factors that may cause actual results to differ materially from those projected include:

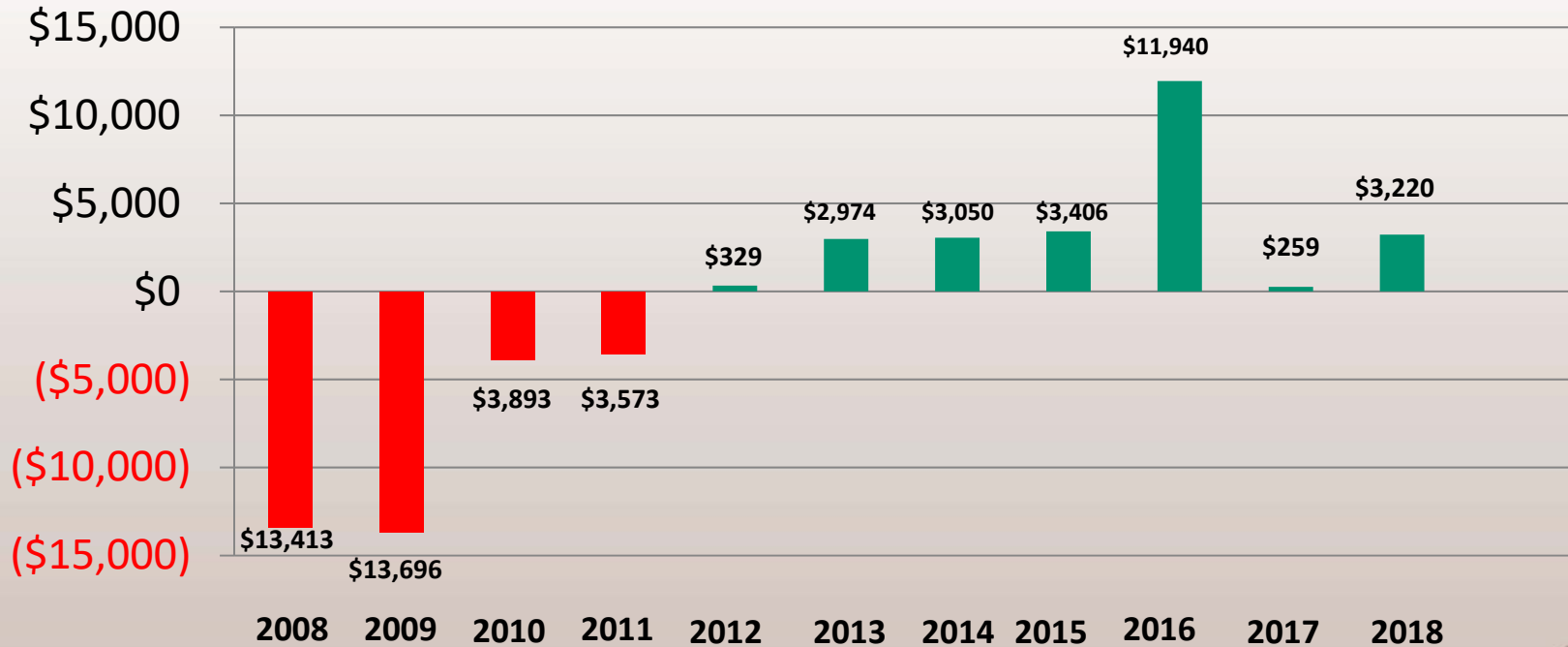
- *Loan portfolio performance*
- *FNBH's ability to attract and retain employees*
- *Competition in the financial marketplace*
- *Interest rates and regulatory changes*
- *World events and their economic impacts*
- *General economic conditions*

**Do not place undue reliance on forward looking statements.
Management assumes no obligation to update.**



Annual Net Income

(in 000's)



2016: Positively impacted by \$3,100 reverse loan loss provision and \$7,052 tax benefit for reinstatement of net deferred tax assets.

2017: Adversely impacted by \$2,200 of additional tax expense as a result of corporate tax rate reduction.

Core Normalized Performance

(\$ in 000's)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Core Normalized Income	\$69	\$827	\$2,200	\$3,838	\$4,842
Return on Average Assets	0.022%	0.245%	0.594%	0.994%	1.245%
Average Assets	\$319,505	\$337,323	\$370,447	\$386,109	\$388,778

Core: Pretax, pre-provision and pre-security gains/losses

Normalized: Approximate income adjusted for unusual, nonrecurring income and expense items



Annual Loan Funding

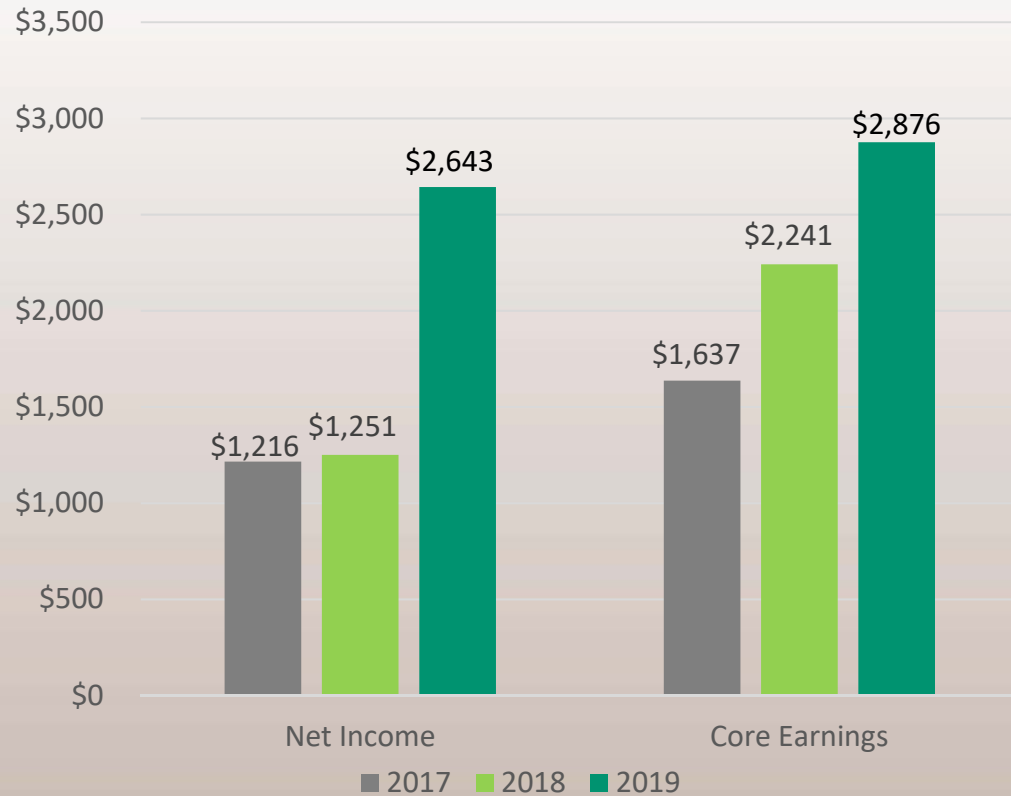
(in 000's)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Commercial FNB	\$26,868	\$31,075	\$38,194	\$49,432	\$83,041
Commercial Participation	0	2,018	9,201	4,464	4,825
Direct Consumer	1,781	3,715	3,135	3,737	4,879
Indirect Consumer	1,102	1,402	6,402	20,118	27,792
Home Equity	5,183	8,122	7,730	9,999	8,463
Residential FNB Salable	0	0	2,097	7,466	33,462
Residential FNBH Portfolio	0		0	926	7,416
Residential Purchase	0	4,582	25,725	15,606	0
Lease Purchase	0	0	5,894	11,697	12,129
Total	\$34,934	\$50,914	\$98,378	\$123,445	\$182,007



Six Month Comparative Earnings

(in 000's)



**28.3% increase in 2019
6 month core earnings**

Core: Pretax, pre-provision and pre-security gains/losses



Future Earnings Drivers

Asset Yields and Funding Efficiency

Originate and Sell Assets at Gains

Total Asset Growth – *Have capital for larger balance sheet*

Asset Quality – *Classified Asset Ratio 5.96% (6/30/2019)*

Residential Lending – *Commenced in-house program in 2017*

- ✓ *6 month 2019 closings up \$8.1 million over 2018 (49%)*
- ✓ *Mid-July \$7.3 million pipeline is 69% greater than July 2018*

Core Deposit Growth Strategy

- ✓ *1st year 500+ net checking account growth (4%)*

Operate Efficiently – *Process, Technology, Expense Management*



Franchise Strengths

Excellent Market

- *Highest Median Household Income*
- *Fast Growing County*

Significant Loyal Customer Base

- *Strong Core Deposit Foundation*
- *125+ Year History of Dedicated Community Support*

Only Bank Headquartered in Livingston County – Local Focus

- *Decision Making*
- *Nimble and Flexible*
- *Relationships*
- *Higher Customer Touch*

Shareholder Value Focus

- *Substantial Board Room Shareholdings*



Culture

CEO SEAT EXISTS FOR ONE REASON...

ENHANCE SHAREHOLDER VALUE

Architect franchise to consistent top quartile peer performance



*THANK YOU
FOR YOUR ATTENDANCE!*

Questions?

