

October 27, 2021

Dear Shareholder,

**FNBH Bancorp, Inc. announces 2021 third quarter and year-to-date financial results and shareholder approval for merger transaction with Arbor Bancorp, Inc. (Bank of Ann Arbor), Ann Arbor, Michigan.**

FNBH Bancorp, Inc. reports the following results as of and for the three and nine months ended September 30, 2021.

- Quarterly net income of \$2.4 million compared to \$1.8 million for the third quarter of 2020
  - Pre-tax, pre-provision, pre-security gain/loss income of \$3.1 million compared to \$2.6 million in 2020.
    - No provision expense compared to \$500,000 in 2020.
    - \$3,000 of net investment gains compared to \$143,000 in 2020.
  - Gain on sale of residential mortgage loans totaled \$627,000 compared to \$1.1 million in 2020.
- Year to date net income of \$5.3 million compared to \$5.1 million in 2020
  - Pre-tax, pre-provision, pre-security gain/loss income of \$6.7 million compared to \$7.3 million in 2020.
    - No provision expense compared to \$1.0 million in 2020.
    - \$11,000 of net investment gains compared to \$145,000 in 2020.
  - Gain on sale of residential mortgage loans totaled \$1.8 million compared to \$2.5 million in 2020.
- Select balance sheet highlights and asset quality measures as of September 30, 2021
  - Total assets of \$668.0 million, increased from \$554.5 million at year-end 2020
    - \$78.9 million of cash and cash equivalents at September 30, 2021 compared to \$95.0 million at December 31, 2020
  - Tangible book value per share of \$2.48 compared to \$2.29 at year-end 2020
  - Increase in investments available for sale of \$74.7 million (147.8%) since year-end 2020
  - Increase in total portfolio loans, including Paycheck Protection Program (PPP) loans, of \$59.0 million (15.4%) since year-end 2020
    - Only \$16.9 million in funded PPP loans remain at September 30, 2021, with the balance having been forgiven through the Small Business Administration (SBA) forgiveness process
  - Allowance for loan losses to gross portfolio loans of 1.72% compared to 2.00% at December 31, 2020
    - 1.79% of total non-PPP loans as of September 30, 2021
    - Year to date 2021 net charge offs of \$49,000
  - Increase in nonperforming assets of \$3.6 million to \$5.3 million since December 31, 2020
    - Nonperforming asset increase represents one nonaccrual loan relationship that is well secured by collateral
    - Classified Asset Ratio measured 9.1% and 9.4% on September 30, 2021 and December 31, 2020, respectively

Significant progress has been made in deploying excess cash and cash equivalents into higher yielding assets. Management continues to execute liquidity deployment strategies that are expected to improve the net interest margin and resultant profitability.

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/>.

## Shareholder Approval for Merger Transaction

FNBH Bancorp, Inc. ("FNBH"), the parent company of First National Bank in Howell, and Arbor Bancorp, Inc. ("Arbor"), the parent company of Bank of Ann Arbor, previously announced the signing of a definitive merger agreement on August 9, 2021 for Arbor to acquire FNBH.

The proposed transaction has been approved by FNBH shareholders. The proposed transaction remains subject to the satisfaction of other customary closing conditions, including regulatory approvals.


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.)
- 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 support of the proposed merger transaction 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,



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)

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; 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 or that the merger will otherwise be completed; 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, 2021 Shareholder Correspondence**  
(Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
	(in thousands, except per share data)			
<b>Income Statement Data:</b>				
Interest income	\$ 6,133	\$ 4,930	\$ 15,841	\$ 14,569
Interest expense	134	231	482	744
Net interest income	5,999	4,699	15,359	13,825
Provision for loan losses	-	500	-	1,000
Noninterest income	762	950	2,216	3,040
Gain on sales of loans held for sale	627	1,053	1,763	2,453
Net gain on sales of available for sale securities	3	143	11	145
Net loss on repossessed assets	-	-	(21)	(15)
Noninterest expense	4,283	4,058	12,602	12,038
Income before income taxes	3,108	2,287	6,726	6,410
Net income	2,443	1,818	5,340	5,096
<b>Per Share Data:</b>				
Earnings per basic common share	\$ 0.09	\$ 0.07	\$ 0.19	\$ 0.18
Weighted average common shares outstanding	27,743,027	27,771,691	27,758,066	27,771,691

	September 30,	December 31,			
	2021	2020	2019	2018	2017
	(in thousands)				
<b>Balance Sheet Data:</b>					
Total assets	\$ 667,989	\$ 554,508	\$ 435,231	\$ 412,384	\$ 400,575
Portfolio loans, gross	441,190	382,229	357,414	323,793	267,245
Allowance for loan losses	7,581	7,630	5,911	5,655	4,897
Securities	126,730	55,500	35,466	44,270	71,906
Deposits	592,774	487,211	375,858	360,644	347,625
Other borrowings	-	-	-	-	5,000
Shareholders' equity	68,891	63,699	56,441	49,623	46,244
<b>Ratios:</b>					
Allowance for loan losses to loans outstanding	1.72%	2.00%	1.65%	1.75%	1.83%
Average equity to average asset ratio	10.48%	12.00%	12.64%	12.08%	12.19%
Net interest margin (tax equivalent)	3.36%	3.91%	4.40%	4.17%	3.49%

	September 30,	December 31,			
	2021	2020	2019	2018	2017
	(in thousands)				
<b>Nonperforming Loans and Assets:</b>					
Nonaccrual loans	\$ 5,284	\$ 1,675	\$ 1,350	\$ 1,176	\$ 2,157
Loans past due 90 days and still accruing	-	-	-	16	-
<b>Total nonperforming loans</b>	5,284	1,675	1,350	1,192	2,157
Other real estate owned and repossessed assets	-	-	165	62	50
<b>Total nonperforming assets</b>	\$ 5,284	\$ 1,675	\$ 1,515	\$ 1,254	\$ 2,207
Nonperforming loans to total portfolio loans	1.20%	0.44%	0.38%	0.37%	0.81%
Allowance for loan losses to nonperforming loans	143.47%	455.63%	437.93%	474.50%	227.06%
Nonperforming assets to total portfolio loans, other real estate and repossessed assets	1.20%	0.44%	0.42%	0.39%	0.83%

	September 30,	December 31,			
	2021	2020	2019	2018	2017
	(in thousands)				
<b>Classified Loans:</b>					
Commercial	\$ -	\$ -	\$ -	\$ -	\$ 27
Commercial Real Estate	5,721	5,522	2,184	348	1,239
Consumer Real Estate	759	602	208	721	937
Consumer and Other	122	114	52	159	8
<b>Total</b>	\$ 6,602	\$ 6,238	\$ 2,444	\$ 1,228	\$ 2,211