

November 9, 2018

Dear Shareholder,

FNBH Bancorp, Inc. reports the following results as of and for the three and nine months ended September 30, 2018:

- Quarterly net income of \$482,000, compared to \$711,000 for the third quarter of 2017  
*2018 third quarter pre-tax, pre-provision, pre-security gain/loss income totaled \$1.3 million compared to \$1.0 million for the third quarter of 2017. Loss recognized on investment sales and changes in the market value of equity securities totaled \$640,000 and \$74,000, respectively, in the third quarter of 2018. No security gain/loss was recognized in the third quarter of 2017.*
- Year to date net income of \$1.7 million compared to \$1.9 million in 2017  
*2018 year to date pre-tax, pre-provision, pre-security gain/loss income totaled \$3.6 million compared to \$2.7 million for the same nine-month period in 2017. Year to date loss recognized on investment sales and changes in the market value of equity securities totaled \$1.2 million and \$228,000, respectively, in 2018. Gain of \$199,000 was recognized on investment sales during the nine months ended September 30, 2017.*
- Total assets of \$397.2 million, decreased from \$400.6 million at year-end 2017
- Tangible book value per share of \$1.73, compared to \$1.67 at year-end 2017
- Increase in total portfolio loans of \$47.0 million, or 17.6% since year-end 2017
- Decrease in nonperforming assets of \$524,000, or 23.7%, since year-end 2017  
*September 30, 2018 Classified Asset Ratio was 4.3%*

\$25.8 million in investment securities were sold at a \$1.2 million-dollar loss during the first nine months of 2018. Sales proceeds were used to fund loan originations at higher yields relative to the sold investments. Management believes these investment sales substantially complete our balance sheet restructuring and we anticipate future increases in the Company's total assets.

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/>.

First National Home Mortgage, our in-house mortgage lending operation, continues to expand market presence via recruitment of experienced residential loan originators. Recent attainment of delegated FHA underwriting authority enhances our ability to originate loans under essentially all types of government and conventional lending programs. Our residential mortgage operation is approaching break even performance and is expected to contribute meaningfully to future earnings and overall franchise value. Gain on sale of residential mortgages totaled \$248,000 and \$535,000 for the three and nine months ended September 30, 2018, respectively.

We have enjoyed a net increase of 270 checking accounts since the mid-April 2018 introduction of our new personal and business checking account line up and related marketing campaign. These new customer relationships will contribute positively to future earnings and enhanced shareholder value.

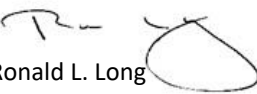
Thank you for your past support! Your loan customer referrals and loan business has contributed to our substantially improved performance. As noted above, deposit customer acquisition and deposit growth are of increased importance. Your loan and deposit business and continued assistance with referrals is requested and very much appreciated.

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.)
- Mike Sammon at 312-242-0433 with 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. 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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#### 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, 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, 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, 2018 Shareholder Correspondence**  
(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017

(in thousands, except per share amounts)

**Statement of Operations Data:**

Interest income	\$ 3,989	\$ 3,409	\$ 11,358	\$ 9,694
Interest expense	141	122	379	379
Net interest income	3,848	3,287	10,979	9,315
Provision (credit) for loan losses	-	-	-	-
Noninterest income	641	592	1,857	1,629
Gain on sales of loans held for sale	248	15	535	15
Net gain (loss) on sales of investments	(640)	-	(1,176)	199
Net unrealized holding loss recognized on other equity securities	(74)	-	(228)	-
Net gain (loss) on other real estate owned and repossessed assets	-	(1)	-	43
Noninterest expense	3,421	2,853	9,814	8,325
Income before income taxes	602	1,040	2,153	2,876
Net income	482	711	1,733	1,927

**Per Share Data:**

Earnings per basic common share	\$ 0.02	\$ 0.03	\$ 0.06	\$ 0.07
Weighted-average basic common shares outstanding	27,771,678	27,771,678	27,771,678	27,771,678

	September 30, 2018	December 31,			
	2017	2016	2015	2014	

(in thousands)

**Balance Sheet Data:**

Total assets	\$ 397,225	\$ 400,575	\$ 399,281	\$ 348,169	\$ 322,826
Portfolio loans, gross	314,279	267,245	226,507	170,826	160,046
Allowance for loan losses	5,425	4,897	4,826	5,718	7,109
Securities	44,825	71,906	143,720	142,587	133,315
Deposits	347,458	347,625	332,065	313,066	290,379
Other borrowings	-	5,000	20,500	-	-
Shareholders' equity	47,911	46,244	45,151	34,033	31,144

**Ratios:**

Allowance for loan losses to loans outstanding	1.73%	1.83%	2.13%	3.35%	4.44%
Average equity to average asset ratio	12.01%	12.19%	10.39%	9.74%	8.99%
Net interest margin (tax equivalent)	4.00%	3.49%	3.37%	3.15%	3.38%

	September 30, 2018	December 31,			
	2017	2016	2015	2014	

(in thousands)

**Nonperforming Loans and Assets:**

Nonaccrual loans	\$ 1,548	\$ 2,157	\$ 2,103	\$ 5,464	\$ 8,304
Loans past due 90 days and still accruing	135	-	-	-	4
<b>Total nonperforming loans</b>	<b>1,683</b>	<b>2,157</b>	<b>2,103</b>	<b>5,464</b>	<b>8,308</b>
Other real estate and repossessed assets	-	50	170	971	1,174
<b>Total nonperforming assets</b>	<b>\$ 1,683</b>	<b>\$ 2,207</b>	<b>\$ 2,273</b>	<b>\$ 6,435</b>	<b>\$ 9,482</b>

Nonperforming loans to total portfolio loans	0.54%	0.81%	0.93%	3.20%	5.19%
Allowance for loan losses to nonperforming loans	322.38%	227.06%	229.48%	104.65%	85.57%
Nonperforming assets to total portfolio loans, other real estate and repossessed assets	0.54%	0.83%	1.00%	3.75%	5.88%

	September 30, 2018	December 31,			
	2017	2016	2015	2014	

(in thousands)

**Classified Loans:**

Commercial	\$ 251	\$ 27	\$ -	\$ 62	\$ 261
Commercial Real Estate	358	1,239	847	3,385	6,196
Consumer Real Estate	877	937	1,325	2,242	3,981
Consumer and Other	115	8	21	60	121
<b>Total</b>	<b>\$ 1,601</b>	<b>\$ 2,211</b>	<b>\$ 2,193</b>	<b>\$ 5,749</b>	<b>\$ 10,559</b>