

May 31, 2018

Dear Shareholder,

FNBH Bancorp, Inc. announces 2018 first quarter results, release of 2017 audited financial statements and the 2018 Annual Shareholder Meeting.

FNBH Bancorp, Inc. reports the following results for first quarter 2018 and as of March 31, 2018

- Net income of \$727,000, compared to \$604,000 for the first quarter of 2017
 - 2018 net interest income increased \$551,000 (18.9%) relative to first quarter 2017 due in part to a \$43 million increase in average loans and a 65-basis point increase in net interest margin.
 - 2018 first quarter net income includes \$138,000 of gain on sale of loans originated by the Bank's in-house residential mortgage unit which commenced operations in September 2017.
 - 2018 first quarter net income includes \$174,000 of unrealized holding losses on equity securities recognized in earnings pursuant to adoption of ASU 2016-01 on January 1, 2018. First quarter 2017 results included \$199,000 of net realized gain on sales of \$43 million of available for sale investment securities which were charged with other-than-temporary impairment in December 2016 and subsequently sold in January 2017 under improved market conditions.
 - Salaries and benefits expense increased in first quarter 2018 relative to first quarter 2017 due in part to the hiring of two additional seasoned commercial lenders and additional staffing costs related to the residential mortgage unit.
 - 2018 first quarter income tax expense decreased relative to first quarter 2017 due to the lower corporate income tax rate implemented under the Tax Cuts and Jobs Act of 2017 (effective for 2018) and from nontaxable bank-owned life insurance income in 2018.
- Total assets of \$388.9 million, decreased from \$400.6 million at year-end 2017 following repayment of \$5.0 million of FHLB borrowings outstanding at year-end 2017 and \$6.7 million of net deposit outflows attributable to the seasonality of public funds
- Tangible book value per share of \$1.67, compared to \$1.67 at year-end 2017
- Increase in total portfolio loans of \$6.9 million, or 2.6% from year-end 2017
- Reduction in nonperforming assets of \$415,000 to \$1.8 million, or 18.8% since year-end 2017

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/>.

In April we implemented a proven high-performance growth initiative. The initiative centers on increasing the number of bank customers through targeted marketing of compelling personal and business checking products. Management is confident this strategy will enhance shareholder value by significantly growing our customer base, increasing attractive core deposits, providing expanded cross-sell opportunities and enhancing fee revenue.

We continue to have success in recruiting residential mortgage lenders and expanding our recently introduced in-house residential mortgage lending program. Management expects this initiative to contribute positively to third and fourth quarter 2018 earnings.

Release of the 2017 audited financial statements for FNBH Bancorp, Inc.

Our 2017 audited financial statements are now available to view and download from the Company's website at 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 2017 audited financial statements, please visit a branch location or contact our Call Center at 517.546.3150 to request a copy.

2018 Annual Shareholder Meeting for FNBH Bancorp, Inc.

This letter also provides notice of the 2018 Annual Meeting of Shareholders for FNBH Bancorp, Inc. to be held on Wednesday, July 25, 2018, at 10:00 a.m. at The Howell Opera House located at 123 W. Grand River Ave. 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>
Robert Clemente	3 year term expiring in 2021
Stanley B. Dickson, Jr.	3 year term expiring in 2021
Ronald L. Long	3 year term expiring in 2021

2. To ratify the selection of Crowe Horwath LLP as independent auditor for 2018.
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, 2018, shall be entitled to notice of and to vote at said meeting or any adjournment thereof.

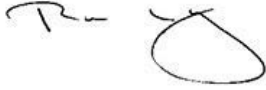
You are cordially invited to vote your shares via the enclosed proxy card (or by following any instructions provided by your broker) and/or attend the meeting and cast your vote in person. Even if you plan to attend the meeting, please date and sign the enclosed proxy card, indicate your choice with respect to the matters to be voted upon, and return it promptly in the enclosed envelope.

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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517-545-2221

Phil Utter, Board Chairman
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Stan Dickson, Board Vice-Chair
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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
March 31, 2018 Shareholder Correspondence
(Unaudited)

Three months ended
March 31,

2018	2017
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(in thousands, except per share data)

Income Statement Data:

Interest income	\$	3,588	\$	3,060
Interest expense		114		137
Net interest income		3,474		2,923
Provision (credit) for loan losses		-		-
Noninterest income		627		498
Gain on sales of loans held for sale		138		-
Net gain on sales of available for sale securities		-		199
Unrealized loss on other equity securities		(174)		-
Net gain on other real estate owned and repossessed assets		-		24
Noninterest expense		3,162		2,732
Income before income taxes		903		912
Net income		727		604

Per Share Data:

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

	March 31, 2018	December 31,			
		2017	2016	2015	2014
		(in thousands)			
Balance Sheet Data:					
Total assets	\$ 388,907	\$ 400,575	\$ 399,281	\$ 348,169	\$ 322,826
Portfolio loans, gross	274,190	267,245	226,507	170,826	160,046
Allowance for loan losses	4,965	4,897	4,826	5,718	7,109
Securities	69,446	71,906	143,720	142,587	133,315
Deposits	340,925	347,625	332,065	313,066	290,379
Other borrowings	-	5,000	20,500	-	-
Shareholders' equity	46,282	46,244	45,151	34,033	31,144
Ratios:					
Allowance for loan losses to loans outstanding	1.81%	1.83%	2.13%	3.35%	4.44%
Average equity to average asset ratio	11.98%	12.19%	10.39%	9.74%	8.99%
Net interest margin (tax equivalent)	3.85%	3.49%	3.37%	3.15%	3.38%

	March 31, 2018	December 31,			
		2017	2016	2015	2014
		(in thousands)			
Nonperforming Loans and Assets:					
Nonaccrual loans	\$ 1,742	\$ 2,157	\$ 2,103	\$ 5,464	\$ 8,304
Loans past due 90 days and still accruing	-	-	-	-	4
Total nonperforming loans	<u>1,742</u>	<u>2,157</u>	<u>2,103</u>	<u>5,464</u>	<u>8,308</u>
Other real estate owned and repossessed assets	50	50	170	971	1,174
Total nonperforming assets	<u>\$ 1,792</u>	<u>\$ 2,207</u>	<u>\$ 2,273</u>	<u>\$ 6,435</u>	<u>\$ 9,482</u>
Nonperforming loans to total portfolio loans	0.64%	0.81%	0.93%	3.20%	5.19%
Allowance for loan losses to nonperforming loans	285.02%	227.06%	229.48%	104.65%	85.57%
Nonperforming assets to total portfolio loans, other real estate and repossessed assets	0.65%	0.83%	1.00%	3.75%	5.88%

	March 31, 2018	December 31,			
		2017	2016	2015	2014
		(in thousands)			
Classified Loans:					
Commercial	\$ 308	\$ 27	\$ -	\$ 62	\$ 261
Commercial Real Estate	2,411	1,239	847	3,385	6,196
Consumer Real Estate	826	937	1,325	2,242	3,981
Consumer and Other	5	8	21	60	121
Total	<u>\$ 3,550</u>	<u>\$ 2,211</u>	<u>\$ 2,193</u>	<u>\$ 5,749</u>	<u>\$ 10,559</u>