

February 22, 2018

Dear Shareholder,

FNBH Bancorp, Inc. reports the following annual and fourth quarter results for 2017:

- Annual net income of \$259,000 compared to \$11,940,000 in 2016
  - *2017 net income includes approximately \$2,200,000 of additional tax expense for revaluation of net deferred tax assets pursuant to H.R.1, the “Tax Cuts and Jobs Act”, which reduced the federal corporate tax rate to 21% effective January 1, 2018. 2016 net income included \$7,052,000 of tax benefit for reinstatement of net deferred tax assets.*
  - *2017 net income includes no reverse provision expense compared to \$3,100,000 of reverse provision expense in 2016.*
  - *2017 net income includes a \$184,000 loss on available-for-sale securities compared to an \$835,000 loss on available-for-sale securities in 2016.*
  - *2017 pre-tax, pre-provision and pre-security gain/loss net income totaled \$3,864,000 compared to \$2,632,000 in 2016.*
- Quarterly net loss of \$1,668,000 compared to net income of \$7,355,000 for fourth quarter 2016
  - *2017 fourth quarter net loss includes approximately \$2,200,000 of additional tax expense for revaluation of net deferred tax assets, as explained above. 2016 fourth quarter net income included \$7,052,000 of tax benefit for reinstatement of net deferred tax assets.*
  - *2017 fourth quarter net loss includes no reverse provision expense compared to \$750,000 of reverse provision expense in fourth quarter 2016.*
  - *2017 fourth quarter net loss includes a \$383,000 loss on available-for-sale securities compared to a \$919,000 loss on available-for-sale securities in fourth quarter 2016.*
  - *2017 fourth quarter pre-tax, pre-provision and pre-security gain/loss net income totaled \$1,187,000 compared to \$528,000 in fourth quarter 2016.*
- Total assets of \$400.6 million compared to \$399.3 million at year-end 2016
- Tangible book value per share of \$1.67 compared to \$1.63 at year-end 2016
- Increase in total portfolio loans of \$40.7 million, or 18.0% from year-end 2016
- Nonperforming assets of \$2.2 million at year-end 2017 compared to \$2.3 million at year-end 2016
  - *December 31, 2017 Classified Asset Ratio was 6.1% compared to 7.4 % at December 31, 2016*

In fourth quarter 2017, the Company recognized a \$383,000 loss on the sale of approximately \$19.7 million of available for sale securities. These securities were sold to fund anticipated loan growth at more attractive yields and to retire \$5.0 million of outstanding Federal Home Loan Bank borrowings, similar to the security sale and related loss incurred in fourth quarter 2016.

The Company's board and management seek to exercise prudent financial stewardship of your ownership interest. Accordingly, emphasis is placed on optimizing intermediate and long term financial economic objectives without undue concern for quarterly reported earnings.

2017 marked significant progress on a number of fronts, including our effort to rebuild the Bank's balance sheet and increase earnings. Our commercial lenders closed \$53.9 million of loans while our retail and indirect lending programs delivered measurable growth and diversification to the loan portfolio. Collectively, these efforts produced loan growth of \$40.7 million (18.0%) over year-end 2016, positioning 2017 loan portfolio growth in the 90th percentile of peer banks. In third quarter 2017, we introduced our in-house residential mortgage lending program which is expected to significantly enhance noninterest income through secondary market loan sales and increased loan interest income. During 2017, we also continued to further leverage technology for process enhancements and efficiency improvements. Finally, the Bank and its staff are proud to have maintained a high level of support for the communities we serve.

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/>.

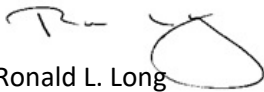
Loan portfolio growth contributes significantly to our improving profitability. Consequently, we again ask you, our shareholders, to support the Bank with your loan business and loan referral opportunities. **Thank you for your business and please continue sharing your referrals.** Our loans provide competitive rates and terms that are specifically designed to meet your personal and business needs. We eagerly pursue new lending opportunities.

The Company's common stock is quoted and traded under the symbol "FNHM" on the 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 Boenning & Scattergood at 866-326-8113.  
*Products and services are offered through Boenning & Scattergood.  
Boenning & Scattergood 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.*

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, which 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**  
**December 31, 2017 Shareholder Correspondence**  
(Unaudited)

	Three months ended		Twelve months ended	
	December 31		December 31	
	2017	2016	2017	2016
	(in thousands, except per share amounts)			
<b>Income Statement Data:</b>				
Interest income	\$ 3,476	\$ 2,965	\$ 13,170	\$ 12,167
Interest expense	145	136	524	533
Net interest income	3,331	2,829	12,646	11,634
Provision (credit) for loan losses	-	(750)	-	(3,100)
Noninterest income	681	493	2,310	2,025
Gain on loan sale	68	123	83	123
Net gain (loss) on available for sale securities	(383)	-	(184)	84
Other-than-temporary impairment loss on investment securities available for sale	-	(919)	-	(919)
Net gain (loss) on sale/write-down of other real estate owned and repossessed assets	50	(20)	93	(46)
Noninterest expense	2,943	2,896	11,268	11,113
Income before income taxes	804	1,279	3,680	5,807
Net income (loss)	(1,668)	7,356	259	11,940
<b>Per Share Data:</b>				
Earnings (loss) per basic common share	\$ (0.06)	\$ 0.26	\$ 0.01	\$ 0.43
Weighted-average common shares outstanding	27,771,689	27,771,689	27,771,689	27,771,689

	December 31,				
	2017	2016	2015	2014	2013
	(in thousands)				
<b>Balance Sheet Data:</b>					
Total assets	\$ 400,575	\$ 399,281	\$ 348,169	\$ 322,826	\$ 312,290
Portfolio loans, gross	267,245	226,507	170,826	160,046	165,115
Allowance for loan losses	4,897	4,826	5,718	7,109	9,214
Securities	71,906	143,720	142,587	133,315	68,459
Deposits	347,625	332,065	313,066	290,379	285,313
Other borrowings	5,000	20,500	-	-	-
Shareholders' equity	46,244	45,151	34,033	31,144	25,106
<b>Ratios:</b>					
Allowance for loan losses to loans outstanding	1.83%	2.13%	3.35%	4.44%	5.58%
Average equity to average assets ratio	12.19%	10.39%	9.74%	8.99%	3.37%
Net interest margin (tax equivalent)	3.49%	3.37%	3.15%	3.38%	3.84%

	December 31,				
	2017	2016	2015	2014	2013
	(in thousands)				
<b>Nonperforming Loans and Assets:</b>					
Nonaccrual loans	\$ 2,157	\$ 2,103	\$ 5,464	\$ 8,304	\$ 11,067
Loans past due 90 days and still accruing	-	-	-	4	-
<b>Total nonperforming loans</b>	<b>2,157</b>	<b>2,103</b>	<b>5,464</b>	<b>8,308</b>	<b>11,067</b>
Other real estate owned and repossessed assets	50	170	971	1,174	480
<b>Total nonperforming assets</b>	<b>\$ 2,207</b>	<b>\$ 2,273</b>	<b>\$ 6,435</b>	<b>\$ 9,482</b>	<b>\$ 11,547</b>
Nonperforming loans as a percent of total portfolio loans	0.81%	0.93%	3.20%	5.19%	6.70%
Allowance for loan losses as a percent of nonperforming loans	227.06%	229.48%	104.65%	85.57%	83.26%
Nonperforming assets as a percent of total portfolio loans, other real estate owned and repossessed assets	0.83%	1.00%	3.75%	5.88%	6.97%

	December 31,				
	2017	2016	2015	2014	2013
	(in thousands)				
<b>Classified Loans:</b>					
Commercial	\$ 27	\$ -	\$ 62	\$ 261	\$ 164
Commercial Real Estate	1,239	847	3,385	6,196	13,061
Consumer Real Estate	937	1,325	2,242	3,981	4,465
Consumer and Other	8	21	60	121	127
<b>Total</b>	<b>\$ 2,211</b>	<b>\$ 2,193</b>	<b>\$ 5,749</b>	<b>\$ 10,559</b>	<b>\$ 17,817</b>