

FNBH BANCORP INC

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June 10, 2016

Dear Shareholder,

FNBH Bancorp, Inc. announces 2016 first quarter results, release of 2015 audited financial statements and the 2016 Annual Shareholder Meeting.

FNBH Bancorp, Inc. reports the following results for first quarter 2016 and as of March 31, 2016

- Net income of \$760,000, compared to \$133,000 for the first quarter of 2015
 - *2016 first quarter net income includes \$300,000 of reverse provision expense compared to no reverse provision expense recorded in first quarter 2015*
- Total assets of \$350.0 million, increased from \$348.2 million at year-end 2015
- Tangible book value per share of \$1.28, compared to \$1.23 at year-end 2015
- Increase in total loans of \$22.2 million, or 13.0%, from year-end 2015
- Reduction in nonperforming assets of \$1.1 million, or 16.8%, since year-end 2015

For additional detail on the Company's subsidiary bank, The First National Bank in Howell, please visit the FDIC's website at https://www5.fdic.gov/Call_TFR_Rpts/.

Our effort to rebuild the Bank's balance sheet and to substantially increase earnings requires additional loan portfolio growth. We continue to ask our shareholders to support the Bank with their loan business and loan referral opportunities. **Thank you for business thus far and please continue sharing referrals during 2016.** Our loan pricing remains very competitive and we eagerly pursue new lending opportunities.

We may, in the future, have the potential to record additional reverse provision expense. In addition, as core earnings improve, we will closely evaluate reinstatement of the Company's approximate \$8.5 million net deferred tax asset. While we cannot guarantee the certainty of future reverse provision expense or reinstatement of any portion of our net deferred tax asset, if one or both of these events were to occur, we expect it would significantly enhance book value per share.

We are also pleased to share that our recent migration of the Bank's core data/transaction processing to a vendor platform in mid-March was successful. While some fine-tuning continues, this move enables the Bank to significantly enhance our ability to deliver positive, convenient and timely customer experiences. Additionally, we expect to realize numerous internal efficiencies from this new platform and other related new technologies. Some of the exciting benefits and enhancements now available to our customers include:

- Online Bill Pay - Improved dashboard view and enhanced payment functionality
- Electronic Statements – More timely statement delivery; e-statements available for a greater number of account types; options for multiple recipients per statement
- Statements and Notices – New layouts and reader friendly format for easier understanding
- Virtual Teller Capture – Implemented at teller stations to expedite transaction processing and balancing accuracy; detailed deposit activity history now available through Online Banking and Mobile Banking

- Commercial Remote Deposit Capture – Same day credit for customer accounts vs. next day credit; deposits now viewable in Online Banking

During the remainder of 2016 we are excited to phase-in additional enhancements and new technologies for our customers, including:

- Remote Deposit Anywhere - Enables customers to deposit checks through our Mobile Banking app via their smart phones
- Improved Debit Card Management – Activation/suspension of debit cards and reporting of lost or stolen cards via Online Banking or Mobile Banking
- Interbank Transfer Capabilities – Ability to initiate bank to bank transfers from within Online Banking
- Smart Pay Express – Online payment and donation solution for commercial and consumer accounts
- EMV Enabled Chip Cards – Provides additional security to protect customers from debit card fraud

Release of the 2015 audited financial statements for FNBH Bancorp, Inc.

Our 2015 audited financial statements are now available to view and download from the *Investor Relations* page of the Company’s website at <https://www.fnbh.com/investor-relations.htm>. As a means to control expenses and leverage current technology, the audited financial statements will not be distributed to shareholders by mail this year. If you wish to receive a printed copy of the 2015 audited financial statements, please visit a branch location or contact our Call Center at 517.546.3150 to request a copy.

2016 Annual Shareholder Meeting for FNBH Bancorp, Inc.

This letter also provides notice of the 2016 Annual Meeting of Shareholders for FNBH Bancorp, Inc. to be held on Thursday, July 28, 2016, at 10:00 a.m. at the main office of First National Bank in Howell, 101 East Grand River, 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>
William R. Dickson	3-year term expiring in 2019
Timothy H. Corrigan	3-year term expiring in 2019
Kenneth Marblestone	3-year term expiring in 2019
Robert Clemente	2-year term expiring in 2018

2. To ratify the selection of Crowe Horwath LLP as independent auditor for 2016.
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, 2016, shall be entitled to notice of and to vote at said meeting or any adjournment thereof.

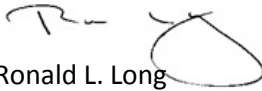
You are cordially invited to vote your shares via the enclosed proxy card (or by following any instructions provided by your broker) and/or attend the meeting and cast your vote in person. Even if you plan to attend the meeting, please date and sign the enclosed proxy card, indicate your choice with 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 OTCBB. 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.*)

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,



Ronald L. Long
President and CEO
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<i>Phil Utter</i> , Board Chairman PUtter@FNBH.com	<i>Stan Dickson</i> , Board Vice-Chair SDickson@FNBH.com	<i>Tim Corrigan</i> , Director TCorrigan@FNBH.com	<i>Robert Clemente</i> , Director RClemente@FNBH.com
<i>Will Dickson</i> , Director WDickson@FNBH.com	<i>Ken Marblestone</i> , Director KMarblestone@FNBH.com	<i>Mike Yost</i> , Director 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, 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 or expectations regarding any future reverse provision expense or reinstatement of our net deferred tax asset; and descriptions of other steps we may take to improve our capital position. 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, 2016 Shareholder Correspondence
(Unaudited)

Three months ended	
March 31,	
2016	2015

(in thousands, except per share data)

Statement of Operations Data:

Interest income	\$ 2,676	\$ 2,440
Interest expense	135	140
Net interest income	2,541	2,300
Provision (credit) for loan losses	(300)	-
Noninterest income	567	574
Gain (loss) on available for sale securities	58	(1)
Noninterest expense	2,701	2,728
Income before federal income taxes	765	145
Net income	760	133

Per Share Data:

Basic and diluted net income per share	\$ 0.03	\$ -
Weighted average basic and diluted shares outstanding	27,771,645	27,771,645

	March 31,	December 31,			
	2016	2015	2014	2013	2012

(in thousands)

Balance Sheet Data:

Total assets	\$ 350,018	\$ 348,169	\$ 322,826	\$ 312,290	\$ 296,871
Loans, gross	193,017	170,826	160,046	165,115	180,191
Allowance for loan losses	5,513	5,718	7,109	9,214	11,769
Securities	139,906	142,587	133,315	68,459	73,365
Deposits	313,371	313,066	290,379	285,313	287,682
Shareholders' equity	35,423	34,033	31,144	25,106	7,369

Ratios:

Allowance for loan losses to loans outstanding	2.86%	3.35%	4.44%	5.58%	6.53%
Average equity to average asset ratio	10.05%	9.74%	8.99%	3.37%	2.35%
Net interest margin (tax equivalent)	3.05%	3.15%	3.38%	3.84%	3.88%

	March 31,	December 31,			
	2016	2015	2014	2013	2012

(in thousands)

Nonperforming Loans and Assets:

Nonaccrual loans	\$ 5,100	\$ 5,464	\$ 8,304	\$ 11,067	\$ 12,839
Loans past due 90 days and still accruing	-	-	4	-	201
Total nonperforming loans	5,100	5,464	8,308	11,067	13,040
Other real estate	255	971	1,174	480	3,427
Total nonperforming assets	\$ 5,355	\$ 6,435	\$ 9,482	\$ 11,547	\$ 16,467

Nonperforming loans as a percent of total loans	2.64%	3.20%	5.19%	6.70%	7.24%
Allowance for loan losses as a percent of nonperforming loans	108.10%	104.65%	85.57%	83.26%	90.25%
Nonperforming assets as a percent of total loans and other real estate	3.13%	3.75%	5.88%	6.97%	8.97%

	March 31,	December 31,			
	2016	2015	2014	2013	2012

(in thousands)

Classified Loans:

Commercial	\$ 9	\$ 62	\$ 261	\$ 164	\$ 694
Commercial Real Estate	3,257	3,385	6,196	13,061	16,830
Consumer Real Estate	2,063	2,242	3,981	4,465	5,233
Consumer and Other	51	60	121	127	144
Total	\$ 5,380	\$ 5,749	\$ 10,559	\$ 17,817	\$ 22,901