

FNBH BANCORP, INC.
POLICY REGARDING THE RESOLUTION OF REPORTS
ON THE COMPANY'S ACCOUNTING, INTERNAL CONTROLS,
AND OTHER BUSINESS PRACTICES

General Policy Statement

FNBH Bancorp, Inc. (the "Company") is committed to fostering a workplace conducive to open communication regarding the Company's business practices and to protecting employees from unlawful retaliation and discrimination for their having properly disclosed or reported illegal or unethical conduct. In an effort to further this commitment, this policy: (i) establishes guidance for the receipt, retention, and treatment of reports received by the Company regarding accounting, internal controls, auditing matters, fraud and unethical business practices, whether submitted by Company employees or third parties; (ii) establishes guidance for providing Company employees a means to make these reports in a confidential and anonymous manner; and (iii) makes clear the Company's intention to discipline, including termination of employment, any person determined to have engaged in retaliatory behavior.

Receipt

This policy and the attached notice regarding Problem Resolution Resources shall be provided to the Company's employees and made generally available through the Company's Employee Handbook. The Company has designated the Chief Financial Officer (the "Manager") who shall be the recipient of all the reports filed under this policy and who shall coordinate any necessary Company action. Any report received by a Company officer, director, employee, or from a non-Company employee should be immediately forwarded to the Manager.

Retention

Reports filed under this policy will be controlled and documented by the Manager. The Manager shall maintain all related documentation for six years. All related documentation should be maintained in secured files to which only the Manager and the Audit Committee members shall have full access.

Treatment of Reports

All reports will be taken seriously and addressed promptly, discreetly and professionally. Should an employee desire to remain anonymous, that desire will be respected. Discussions and documentation regarding reports will be kept in strict confidence to the extent appropriate or permitted by policy or law. Should the employee identify himself or herself, the Manager will communicate to the employee the steps to be taken to address the report and the results of any Company actions initiated. This confidential report process may be used either to submit a new report, or to address an employee's previous report, which such employee does not feel was adequately resolved.

Retaliation

Retaliation against any employee that files a report or voices a concern under this policy is strictly prohibited. Employees determined to have engaged in retaliatory behavior may be subject to discipline, which could include termination of employment. Any employee who feels that he or she has been subjected to any behavior that violates this policy should immediately report such behavior to his or her Supervisor, the Manager, or Human Resources Officer. Please note however, that employees who knowingly file misleading or false reports, or without a reasonable belief as to truth or accuracy, will not be protected by this policy and may be subject to discipline, including termination of employment. Employees also should be aware of their responsibilities regarding the confidentiality of Company information as outlined in the Confidentiality Agreement contained in the Company's Employee Handbook.

Audit Committee Review of Reports

A summary of reports received by the Manager will be communicated to the Audit Committee on a quarterly basis (or a more frequent basis should conditions warrant more timely action). Additionally, you may send the Board Chairperson an email by following instructions in Exhibit A, *Notification of Problem Resolution Resources*.

Exhibit A

Notification of Problem Resolution Resources

To submit confidential, anonymous reports regarding accounting, internal controls, auditing matters, fraud and unethical business practices you may contact the Company's Chief Financial Officer (the "Manager") whose contact information is provided below. Alternatively, you may contact our Board Chairperson, Phil Utter at (517) 223-7330 or by email at specialtycont@aol.com, or our Company Legal Counsel, Kimberly Baber at (616) 336-6851 or by email at kababer@varnumlaw.com. Be advised that sending a message from your business computer may not necessarily protect your anonymity. Use of a non-identifiable email address, like a Hotmail, Juno, or Yahoo account is the most confidential way of sending a message.

Never hesitate to ask a question or report a concern. Generally, your most immediate resource for questions or concerns is your Supervisor. Your Supervisor may have the information you need, or may be able to refer the question to another party.

There may, however, be times when you prefer not to go to your Supervisor, and may want confidential advice. You may want more information than your Supervisor can provide you, or you may want to report a concern about your Supervisor's conduct. In these cases it is appropriate to call the Manager or our Board Chairperson. Both the Manager and Board Chairperson give you a vehicle to communicate your concern on an anonymous basis, if you choose to maintain your anonymity. Communications should be specific, identifying, as best possible, names, dates, places, the conduct involved, the employee's perception of why the conduct may be a problem, and what recommendations, if any, the employee would make to rectify the situation, as well as any other pertinent information.

When you submit a report you can expect the following:

- Your report will be taken seriously;
- Your right to remain anonymous will be respected, although you are encouraged to identify yourself;
- Your request for information or action will be handled promptly, discreetly and professionally;
- Discussions and inquiries will be kept in strict confidence to the extent appropriate or permitted by policy or law;
- Our Compliance and Security Officer, outside legal counsel and Human Resources Officer will become involved in the process as appropriate; and
- Should you identify yourself, the Manager will communicate the steps to be taken to address the complaint and the results of any follow-up actions initiated.

CONTACT INFORMATION

- 1) To speak directly with the Company's Manager, call 517-545-2213 and leave a voice mail message. (Note: This is a secure extension that can only be accessed by the Manager). Or, email the Manager at cfo@fnbh.com. To send a letter, write to: Chief Financial Officer, 101 E. Grand River, Howell, MI 48843.
- 3) Should you have a concern regarding the Manager, or wish to make an anonymous report, please contact the Chairman of the Board, Philip Utter at (517) 223-7330 or by email at specialtycont@aol.com or our Company Legal Counsel, Kimberly Baber at (616) 336-6851 or by email at kababer@varnumlaw.com.