

FNBH BANCORP INC

101 East Grand River, P.O. Box 800
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July 26, 2017

Dear Shareholder,

FNBH Bancorp, Inc. reports the following results as of and for the three and six months ended June 30, 2017:

- Quarterly net income of \$612,000, compared to \$2,190,000 for the second quarter of 2016
2017 second quarter pre-tax, pre-provision net income totaled \$924,000 compared to \$868,000 for the second quarter of 2016. 2016 second quarter net income included \$1,300,000 of reverse provision expense compared to no reverse provision expense recorded in the second quarter 2017.
- Year to date net income of \$1,216,000 compared to \$2,950,000 in 2016
2017 year to date pre-tax, pre-provision net income totaled \$1,836,000 compared to \$1,333,000 for the same six month period in 2016. 2016 year to date net income included \$1,600,000 of reverse provision expense compared to no reverse provision expense recognized in the current year to date period.
- Total assets of \$383.9 million, decreased from \$399.3 million at year-end 2016 following repayment of \$20.5 million of FHLB borrowings outstanding at year-end 2016
- Tangible book value per share of \$1.71, compared to \$1.63 at year-end 2016
- Increase in total loans of \$16.0 million, or 7.1% from year-end 2016
- Increase in nonperforming assets of \$2.5 million, or 108.5%, since year-end 2016
June 30, 2017 Classified Asset Ratio was 12.4%

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 June 2017, we downgraded two larger non-owner occupied commercial real estate loans to nonaccrual status. While neither credit downgrade was the result of a broader economic deterioration, a specific reserve of \$362,000 was established on one loan.

We are excited to share news of progress in developing an internal residential mortgage lending program. The program will enable the Bank to originate residential mortgage loans in-house, including residential loans eligible for sale on the secondary market, residential construction loans and portfolio loans. This expansion of our residential lending capabilities will enhance the Bank's noninterest income through secondary market loan sales and also increase loan interest income. Implementation is expected by fourth quarter 2017.

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

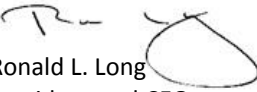
The Company's common stock is quoted and traded under the symbol "FNHM" on the OTCBB. If you are interested in buying or selling shares of FNBH Bancorp, Inc., please contact either:

- 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.)

- Tim Padala at 734-741-3906 or 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,



Ronald L. Long
President and CEO
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517-545-2221

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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
June 30, 2017 Shareholder Correspondence
(Unaudited)

	Three months ended		Six months ended	
	June 30		June 30	
	2017	2016	2017	2016

(in thousands, except per share amounts)

Statement of Operations Data:

Interest income	\$ 3,225	\$ 3,305	\$ 6,285	\$ 5,981
Interest expense	120	131	257	266
Net interest income	3,105	3,174	6,028	5,715
Provision (credit) for loan losses	-	(1,300)	-	(1,600)
Noninterest income	539	511	1,037	1,035
Net gain on available for sale securities	-	17	199	75
Net gain (loss) on sale/write-down of other real estate owned	20	(19)	44	24
Noninterest expense	2,740	2,815	5,472	5,516
Income before income taxes	924	2,168	1,836	2,933
Net income	612	2,190	1,216	2,950

Per Share Data:

Earnings per basic common share	\$ 0.02	\$ 0.08	\$ 0.04	\$ 0.11
Weighted-average basic common shares outstanding	27,771,678	27,771,678	27,771,678	27,771,678

	June 30,	December 31,			
	2017	2016	2015	2014	2013

(in thousands)

Balance Sheet Data:

Total assets	\$ 383,942	\$ 399,281	\$ 348,169	\$ 322,826	\$ 312,290
Loans, gross	242,523	226,507	170,826	160,046	165,115
Allowance for loan losses	4,855	4,826	5,718	7,109	9,214
Securities	98,182	143,720	142,587	133,315	68,459
Deposits	334,614	332,065	313,066	290,379	285,313
Shareholders' equity	47,422	45,151	34,033	31,144	25,106

Ratios:

Allowance for loan losses to loans outstanding	2.00%	2.13%	3.35%	4.44%	5.58%
Average equity to average asset ratio	12.15%	10.39%	9.74%	8.99%	3.37%
Net interest margin (tax equivalent)	3.33%	3.37%	3.15%	3.38%	3.84%

	June 30,	December 31,			
	2017	2016	2015	2014	2013

(in thousands)

Nonperforming Loans and Assets:

Nonaccrual loans	\$ 4,592	\$ 2,103	\$ 5,464	\$ 8,304	\$ 11,067
Loans past due 90 days and still accruing	148	-	-	4	-
Total nonperforming loans	4,740	2,103	5,464	8,308	11,067
Other real estate	-	170	971	1,174	480
Total nonperforming assets	\$ 4,740	\$ 2,273	\$ 6,435	\$ 9,482	\$ 11,547

Nonperforming loans as a percent of total loans	1.95%	0.93%	3.20%	5.19%	6.70%
Allowance for loan losses as a percent of nonperforming loans	102.43%	229.48%	104.65%	85.57%	83.26%
Nonperforming assets as a percent of total loans and other real estate	1.95%	1.00%	3.75%	5.88%	6.97%

	June 30,	December 31,			
	2017	2016	2015	2014	2013

(in thousands)

Classified Loans:

Commercial	\$ 63	\$ -	\$ 62	\$ 261	\$ 164
Commercial Real Estate	3,508	847	3,385	6,196	13,061
Consumer Real Estate	1,199	1,325	2,242	3,981	4,465
Consumer and Other	20	21	60	121	127
Total	\$ 4,790	\$ 2,193	\$ 5,749	\$ 10,559	\$ 17,817