

FNBH BANCORP INC

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August 17, 2015

Dear Shareholder,

FNBH Bancorp, Inc. is reporting the following results for the second quarter of 2015 and as of June 30, 2015:

- Quarterly net income of \$269,000, compared to \$106,000 for the second quarter of 2014
- Year to date net income of \$402,000 compared to \$155,000 in 2014
- Total assets of \$330.1 million, increased from \$322.8 million at year-end 2014
- Regulatory capital ratios in excess of those required by the Bank's Consent Order
 - Total capital to risk-weighted assets of 16.72%, compared to 11% required ratio
 - Tier 1 capital ratio of 9.73%, compared to 8.5% required ratio
- Tangible book value per share of \$1.13
- Reduction in classified loans of \$3.9 million, or 37.22%, since year-end 2014

The Company's deregistration as an SEC-reporting company was effective as of August 3, 2015 and, accordingly, the Company will no longer file annual reports on Form 10-K, quarterly reports on Form 10-Q or current reports on Form 8-K.

Quarterly shareholder correspondence will continue to be distributed and will be posted on the Company's website at www.fnbh.com, under Investor Relations. As noted in our last shareholder letter, we have expanded the financial data that accompanies our quarterly letters. For additional detail on the Company's subsidiary bank, The First National Bank in Howell, please visit the FFIEC's website at <https://cdr.ffiec.gov/Public/ViewPDFFacsimile.aspx> to view the Bank's June 30, 2015 Call Report filing.

The Company's common stock continues to be 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.)

The Board of Directors and bank staff continue to work diligently to further improve the Company's financial performance and achieve full demonstrated compliance with the Consent Order entered against the bank, with the goal of having the Consent Order lifted as soon as possible. We are pleased to announce the appointment of Ken Marblestone as a new director of the bank and the Company effective August 27, 2015. We expect Ken's appointment to finally satisfy what proved to be a challenging requirement of the Consent Order to add another director with prior banking experience. We are pleased to have Ken join the Board and look forward to his contributions to the organization.

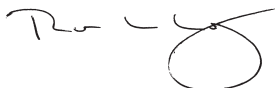
Recent profit enhancement initiatives include:

- Commencement of residential mortgage lending activities
- Measured expansion of the indirect lending program
- Expansion of the wealth management platform and termination of trust powers
- Continued emphasis on noninterest expense reduction

In addition to these initiatives, as previously disclosed, we have the potential future opportunity to record reverse provision expense. In addition, as core earnings improve and following termination of the Consent Order, we will closely evaluate reinstatement of the Company's approximate \$9.0 million net deferred tax asset. We cannot guarantee any further reverse provision expense or reinstatement of any portion of our net deferred tax asset; however, if one or both of these events were to occur, we expect it would significantly enhance book value per share.

We thank you for your investment and your commitment to community banking. Be assured that your questions and suggestions are always welcome. Please contact me anytime via the information below.

Cordially,



Ronald L. Long
President and CEO
Rlong@fnbh.com
517-545-2221

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, statements about termination of the Consent Order against our Bank; 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; our federal regulator may not terminate the Consent Order on the timeframe we expect; 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
June 30, 2015 Shareholder Correspondence
(Unaudited)

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
	(in thousands, except per share data)			
Statement of Operations Data:				
Interest income	\$ 2,515	\$ 2,670	\$ 4,955	\$ 5,163
Interest expense	137	177	277	385
Net interest income	2,378	2,493	4,678	4,778
Provision for loan losses	-	-	-	-
Noninterest income	614	592	1,178	1,225
Gain (loss) on available for sale securities	-	2	(1)	2
Noninterest expense	2,713	2,981	5,431	5,845
Income before federal income taxes	279	106	424	160
Net income	269	106	402	155
Per Share Data⁽¹⁾:				
Basic and diluted net income per share	\$ 0.01	\$ -	\$ 0.01	\$ 0.01
Weighted average basic and diluted shares outstanding	27,770,423	27,770,143	27,770,401	26,677,266

	June 30,	December 31,			
	2015	2014	2013	2012	2011
	(dollars in thousands)				
Balance Sheet Data:					
Total assets	\$ 330,137	\$ 322,826	\$ 312,290	\$ 296,871	\$ 292,080
Loans, gross	160,905	160,046	165,115	180,191	208,844
Allowance for loan losses	7,465	7,109	9,214	11,769	12,690
Securities	138,207	133,315	68,459	73,365	33,104
Deposits	296,904	290,379	285,313	287,682	283,653
Shareholders' equity	31,487	31,144	25,106	7,369	6,609
Ratios:					
Allowance for loan losses to loans outstanding	4.64%	4.44%	5.58%	6.53%	6.08%
Average equity to average asset ratio	9.80%	8.99%	3.37%	2.35%	2.96%
Net interest margin (tax equivalent)	3.18%	3.43%	3.84%	3.88%	4.26%

⁽¹⁾ 2014 per share data and number of shares include 17,510 shares of Mandatorily Convertible Non-Cumulative Junior Participating Preferred Stock, Series B, converted to common shares at a rate reflecting a price per common share of \$0.70.

	June 30,	December 31,			
	2015	2014	2013	2012	2011
	(dollars in thousands)				
Nonperforming Loans and Assets:					
Nonaccrual loans	\$ 5,963	\$ 8,304	\$ 11,067	\$ 12,839	\$ 22,962
Loans past due 90 days and still accruing	-	4	-	201	9
Total nonperforming loans	<u>5,963</u>	<u>8,308</u>	<u>11,067</u>	<u>13,040</u>	<u>22,971</u>
Other real estate	1,510	1,174	480	3,427	3,026
Total nonperforming assets	<u>\$ 7,473</u>	<u>\$ 9,482</u>	<u>\$ 11,547</u>	<u>\$ 16,467</u>	<u>\$ 25,997</u>
Nonperforming loans as a percent of total loans	3.71%	5.19%	6.70%	7.24%	11.00%
Allowance for loan losses as a percent of nonperforming loans	125.19%	85.57%	83.26%	90.25%	55.25%
Nonperforming assets as a percent of total loans and other real estate	4.60%	5.88%	6.97%	8.97%	12.27%

	June 30,	December 31,			
	2015	2014	2013	2012	2011
	(in thousands)				
Classified Loans:					
Commercial	\$ 177	\$ 261	\$ 164	\$ 694	\$ 1,328
Commercial Real Estate	4,073	6,196	13,061	16,830	26,908
Consumer Real Estate	2,298	3,981	4,465	5,233	6,310
Consumer and Other	73	121	127	144	159
Total	<u>\$ 6,621</u>	<u>\$ 10,559</u>	<u>\$ 17,817</u>	<u>\$ 22,901</u>	<u>\$ 34,705</u>