

January 24, 2019

Dear Shareholder,

FNBH Bancorp, Inc. reports the following annual and fourth quarter results for 2018:

- Annual net income of \$3.2 million compared to \$259,000 in 2017
 - 2018 net income includes \$1.3 million of loss recognized on investment sales and depreciation in the market value of equity securities. 2017 loss on sale of available-for-sale investment securities totaled \$184,000.
 - 2018 gain on sale of residential mortgages totaled \$743,000 compared to \$83,000 in 2017.
 - 2017 net income included approximately \$2.2 million 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.
 - 2018 pre-tax, pre-provision, pre-security gain/loss income totaled \$5.3 million compared to \$3.9 million in 2017.
- Quarterly net income of \$1.5 million compared to net loss of \$1.7 million for the fourth quarter of 2017
 - 2018 fourth quarter net income includes \$118,000 of securities gain recognized on appreciation in the market value of equity securities compared to \$383,000 of loss recognized on sale of available-for-sale securities in fourth quarter 2017.
 - 2018 fourth quarter net income includes \$208,000 of gain on sale of residential mortgages compared to \$68,000 in fourth quarter 2017.
 - 2017 fourth quarter net loss included approximately \$2.2 million of additional tax expense for revaluation of net deferred tax assets, as explained above.
 - 2018 fourth quarter pre-tax, pre-provision, pre-security gain/loss income totaled \$1.8 million compared to \$1.2 million for the fourth quarter of 2017.
- Total assets of \$412.4 million, increased \$11.8 million from year-end 2017
- Tangible book value per share of \$1.79, compared to \$1.67 at year-end 2017
- Increase in total portfolio loans of \$56.5 million, or 21.2% since year-end 2017
- Decrease in nonperforming assets of \$953,000, or 43.2%, since year-end 2017
December 31, 2018 Classified Asset Ratio was 3.7%

In 2018 \$25.8 million of investment securities were sold at a \$1.2 million loss. Sales proceeds were used to fund loan originations at higher yields relative to the sold investments. Management believes these investment sales substantially complete our balance sheet restructuring and we anticipate future increases in the Company's total assets.

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/>.

2018 marked significant progress on several fronts:

- \$1.4 million (36%) increase in pre-tax, pre-provision and pre-security gain/loss income
- \$182 million in total new loan closings, representing a 48% increase over 2017 closings
- \$41 million in residential loan closings, increased from \$8 million in 2017 closings
- Net increase of 347 checking accounts since April growth initiative commencement
- Continued technology implementation to enhance customer experience and increase efficiency
- Completion of balance sheet restructuring to position your Company for further earnings enhancement and asset growth

The Company's board and management are committed to prudent financial stewardship of your ownership interest. During the recent prolonged low interest rate environment, we did not materially extend asset duration in pursuit of higher yields. The benefits of this strategy are evident in our fourth quarter and annual financial performance. This emphasis on optimizing intermediate and long-term financial performance should continue to provide positive financial results in the current higher interest rate environment.

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

- Thomas Dooley or Nick Bicking with D|A|Davidson at 800-394-9230. (Products and services are offered through DA Davidson. D|A|Davidson 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.)
- Christopher Chapman at Boenning & Scattergood at 216-378-1297. (Products and services are offered through Boenning & Scattergood. Boenning & Scattergood is not affiliated with FNBH Bancorp, Inc.)

As always, a sincere thank you for your continued loan and deposit referrals and for your investment and commitment to community banking!

Your questions or suggestions are always welcome. Please contact me or any of our Directors anytime. Our contact information is provided below.

Best wishes for a fulfilling and rewarding 2019,


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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, 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
December 31, 2018 Shareholder Correspondence
(Unaudited)

| | Three months ended | | Twelve months ended | |
|--|--------------------|------|---------------------|------|
| | December 31 | | December 31 | |
| | 2018 | 2017 | 2018 | 2017 |

(in thousands, except per share amounts)

Statement of Operations Data:

| | | | | |
|---|----------|----------|-----------|-----------|
| Interest income | \$ 4,523 | \$ 3,476 | \$ 15,881 | \$ 13,170 |
| Interest expense | 155 | 145 | 534 | 524 |
| Net interest income | 4,368 | 3,331 | 15,347 | 12,646 |
| Provision for loan losses | - | - | - | - |
| Noninterest income | 700 | 681 | 2,557 | 2,310 |
| Gain on sales of loans held for sale | 208 | 68 | 743 | 83 |
| Net gain (loss) on sales of investments | - | (383) | (1,176) | (184) |
| Net unrealized holding gain (loss) on other equity securities | 118 | - | (110) | - |
| Loss on valuation write-down of facilities held for sale | (60) | - | (60) | - |
| Net gain on other real estate owned and repossessed assets | - | 50 | - | 93 |
| Noninterest expense | 3,452 | 2,943 | 13,266 | 11,268 |
| Income before income taxes | 1,882 | 804 | 4,035 | 3,680 |
| Net income (loss) | 1,487 | (1,688) | 3,220 | 259 |

Per Share Data:

| | | | | |
|--|------------|------------|------------|------------|
| Earnings per basic common share | \$ 0.05 | \$ (0.06) | \$ 0.12 | \$ 0.01 |
| Weighted-average basic common shares outstanding | 27,771,678 | 27,771,678 | 27,771,678 | 27,771,678 |

December 31,

| 2018 | 2017 | 2016 | 2015 | 2014 |
|------|------|------|------|------|
|------|------|------|------|------|

(in thousands)

Balance Sheet Data:

| | | | | | |
|---------------------------|------------|------------|------------|------------|------------|
| Total assets | \$ 412,384 | \$ 400,575 | \$ 399,281 | \$ 348,169 | \$ 322,826 |
| Portfolio loans, gross | 323,793 | 267,245 | 226,507 | 170,826 | 160,046 |
| Allowance for loan losses | 5,655 | 4,897 | 4,826 | 5,718 | 7,109 |
| Securities | 44,270 | 71,906 | 143,720 | 142,587 | 133,315 |
| Deposits | 360,644 | 347,625 | 332,065 | 313,066 | 290,379 |
| Other borrowings | - | 5,000 | 20,500 | - | - |
| Shareholders' equity | 49,623 | 46,244 | 45,151 | 34,033 | 31,144 |

Ratios:

| | | | | | |
|--|--------|--------|--------|-------|-------|
| Allowance for loan losses to loans outstanding | 1.75% | 1.83% | 2.13% | 3.35% | 4.44% |
| Average equity to average asset ratio | 12.08% | 12.19% | 10.39% | 9.74% | 8.99% |
| Net interest margin (tax equivalent) | 4.17% | 3.49% | 3.37% | 3.15% | 3.38% |

December 31,

| 2018 | 2017 | 2016 | 2015 | 2014 |
|------|------|------|------|------|
|------|------|------|------|------|

(in thousands)

Nonperforming Loans and Assets:

| | | | | | |
|---|----------|----------|----------|----------|----------|
| Nonaccrual loans | \$ 1,176 | \$ 2,157 | \$ 2,103 | \$ 5,464 | \$ 8,304 |
| Loans past due 90 days and still accruing | 16 | - | - | - | 4 |
| Total nonperforming loans | 1,192 | 2,157 | 2,103 | 5,464 | 8,308 |
| Other real estate and repossessed assets | 62 | 50 | 170 | 971 | 1,174 |
| Total nonperforming assets | \$ 1,254 | \$ 2,207 | \$ 2,273 | \$ 6,435 | \$ 9,482 |

| | | | | | |
|---|---------|---------|---------|---------|--------|
| Nonperforming loans to total portfolio loans | 0.37% | 0.81% | 0.93% | 3.20% | 5.19% |
| Allowance for loan losses to nonperforming loans | 474.50% | 227.06% | 229.52% | 104.64% | 85.57% |
| Nonperforming assets to total portfolio loans, other real estate and repossessed assets | 0.39% | 0.83% | 1.00% | 3.75% | 5.88% |

December 31,

| 2018 | 2017 | 2016 | 2015 | 2014 |
|------|------|------|------|------|
|------|------|------|------|------|

(in thousands)

Classified Loans:

| | | | | | |
|------------------------|----------|----------|----------|----------|-----------|
| Commercial | \$ - | \$ 27 | \$ - | \$ 62 | \$ 261 |
| Commercial Real Estate | 348 | 1,239 | 847 | 3,385 | 6,196 |
| Consumer Real Estate | 721 | 937 | 1,325 | 2,242 | 3,981 |
| Consumer and Other | 159 | 8 | 21 | 60 | 121 |
| Total | \$ 1,228 | \$ 2,211 | \$ 2,193 | \$ 5,749 | \$ 10,559 |