

July 25, 2018

Dear Shareholder,

FNBH Bancorp, Inc. reports the following results as of and for the three and six months ended June 30, 2018:

- Quarterly net income of \$524,000, compared to \$612,000 for the second quarter of 2017
2018 second quarter pre-tax, pre-provision, pre-security loss income totaled \$1,164,000 compared to \$924,000 for the second quarter of 2017. Loss recognized on investment sales totaled \$536,000 in the second quarter of 2018.
- Year to date net income of \$1,251,000 compared to \$1,216,000 in 2017
2018 year to date pre-tax, pre-provision, pre-security gain/loss income totaled \$2,241,000 compared to \$1,637,000 for the same six-month period in 2017.
- Total assets of \$392.6 million, decreased from \$400.6 million at year-end 2017 following repayment of \$5.0 million of FHLB borrowings outstanding at year-end 2017 and seasonal deposit fluctuations.
- Tangible book value per share of \$1.69, compared to \$1.67 at year-end 2017
- Increase in total portfolio loans of \$29.4 million, or 11.0% since year-end 2017
- Decrease in nonperforming assets of \$749,000, or 33.9%, since year-end 2017
June 30, 2018 Classified Asset Ratio was 7.9%

In second quarter 2018, \$536,000 of loss was recognized on the sale of \$15.4 million of investment securities used to fund loan growth and other higher yielding investments. In addition, 2018 year-to-date unrealized holding losses on equity securities recognized in earnings under Accounting Standards Update 2016-01 totaled \$154,000. Gain on sale of residential mortgages totaled \$149,000 and \$287,000 for the three and six months ended June 30, 2018, respectively, as the Bank continues to build-out its in-house residential mortgage program.

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 September 2017, we closed our first mortgage processed through our in-house mortgage operation, First National Home Mortgage. We have enjoyed success in recruiting experienced residential loan originators and strong support staff and are encouraged by positive feedback from our residential loan clients and the realtor community. We anticipate this initiative will contribute positively to earnings during the second half of 2018 and look forward to it being a solid earnings contributor in future years.

In April 2018, we implemented a proven high-performance growth initiative that centers on increasing the number of bank customers through targeted marketing of compelling personal and business checking products. Since implementation, this initiative has more than doubled the number of new checking account openings. We look forward to future earnings enhancement from increased core deposits, expanded cross-sell opportunities and enhanced fee income because of our expanded customer base.

Loan portfolio growth contributes significantly to our improving profitability. Consequently, we again ask you, our shareholders, to support the Bank with your loan business and loan referral opportunities. **Thank you for your business 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 OTC Pink Open Market. If you are interested in buying or selling shares of FNBH Bancorp, Inc., please contact either:

- 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.)

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
Rlong@fnbh.com
517-545-2221

Phil Utter, Board Chairman
PUtter@FNBH.com

Stan Dickson, Board Vice-Chair
SDickson@FNBH.com

Tim Corrigan, Director
TCorrigan@FNBH.com

Robert Clemente, Director
RClemente@FNBH.com

Will Dickson, Director
WDickson@FNBH.com

Ken Marblestone, Director
KMarblestone@FNBH.com

Mike Yost, Director
MYost@FNBH.com

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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
June 30, 2018 Shareholder Correspondence
(Unaudited)

	Three months ended		Six months ended	
	June 30		June 30	
	2018	2017	2018	2017

(in thousands, except per share amounts)

Statement of Operations Data:

Interest income	\$ 3,781	\$ 3,225	\$ 7,369	\$ 6,285
Interest expense	124	120	238	257
Net interest income	3,657	3,105	7,131	6,028
Provision (credit) for loan losses	-	-	-	-
Noninterest income	589	539	1,216	1,037
Gain on sales of loans held for sale	149	-	287	-
Net gain (loss) on sales of investments	(536)	-	(536)	199
Unrealized gain (loss) on other equity securities	20	-	(154)	-
Net gain on other real estate owned and repossessed assets	-	20	-	44
Noninterest expense	3,231	2,740	6,393	5,472
Income before income taxes	648	924	1,551	1,836
Net income	524	612	1,251	1,216

Per Share Data:

Earnings per basic common share	\$ 0.02	\$ 0.02	\$ 0.05	\$ 0.04
Weighted-average basic common shares outstanding	27,771,678	27,771,678	27,771,678	27,771,678

	June 30,	December 31,			
	2018	2017	2016	2015	2014

(in thousands)

Balance Sheet Data:

Total assets	\$ 392,638	\$ 400,575	\$ 399,281	\$ 348,169	\$ 322,826
Portfolio loans, gross	296,648	267,245	226,507	170,826	160,046
Allowance for loan losses	5,401	4,897	4,826	5,718	7,109
Securities	56,714	71,906	143,720	142,587	133,315
Deposits	343,151	347,625	332,065	313,066	290,379
Other borrowings	-	5,000	20,500	-	-
Shareholders' equity	47,023	46,244	45,151	34,033	31,144

Ratios:

Allowance for loan losses to loans outstanding	1.82%	1.83%	2.13%	3.35%	4.44%
Average equity to average asset ratio	12.03%	12.19%	10.39%	9.74%	8.99%
Net interest margin (tax equivalent)	3.94%	3.49%	3.37%	3.15%	3.38%

	June 30,	December 31,			
	2018	2017	2016	2015	2014

(in thousands)

Nonperforming Loans and Assets:

Nonaccrual loans	\$ 1,393	\$ 2,157	\$ 2,103	\$ 5,464	\$ 8,304
Loans past due 90 days and still accruing	65	-	-	-	4
Total nonperforming loans	1,458	2,157	2,103	5,464	8,308
Other real estate and repossessed assets	-	50	170	971	1,174
Total nonperforming assets	\$ 1,458	\$ 2,207	\$ 2,273	\$ 6,435	\$ 9,482

Nonperforming loans to total portfolio loans	0.49%	0.81%	0.93%	3.20%	5.19%
Allowance for loan losses to nonperforming loans	370.44%	227.06%	229.48%	104.65%	85.57%
Nonperforming assets to total portfolio loans, other real estate and repossessed assets	0.49%	0.83%	1.00%	3.75%	5.88%

	June 30,	December 31,			
	2018	2017	2016	2015	2014

(in thousands)

Classified Loans:

Commercial	\$ 267	\$ 27	\$ -	\$ 62	\$ 261
Commercial Real Estate	2,124	1,239	847	3,385	6,196
Consumer Real Estate	795	937	1,325	2,242	3,981
Consumer and Other	3	8	21	60	121
Total	\$ 3,189	\$ 2,211	\$ 2,193	\$ 5,749	\$ 10,559