

FNBH BANCORP INC

101 East Grand River, P.O. Box 800
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May 25, 2017

Dear Shareholder,

FNBH Bancorp, Inc. announces 2017 first quarter results, release of 2016 audited financial statements and the 2017 Annual Shareholder Meeting.

FNBH Bancorp, Inc. reports the following results for first quarter 2017 and as of March 31, 2017

- Net income of \$604,000, compared to \$760,000 for the first quarter of 2016
 - 2017 first quarter net income includes \$308,000 of income tax expense compared to \$5,000 of income tax expense recognized in first quarter 2016
 - 2017 first quarter net income includes no reverse provision expense compared to \$300,000 of reverse provision expense recorded in first quarter 2016
 - 2017 first quarter net income includes \$199,000 of net realized gain on sales of available for sale investment securities compared to \$58,000 of net realized gain on sales of securities in first quarter 2016. First quarter 2017 securities gains resulted primarily from improved market valuations on \$43 million of securities charged with other-than-temporary impairment in December 2016 which were sold in January 2017
- Total assets of \$380.8 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 \$1.66, compared to \$1.63 at year-end 2016
- Increase in total loans of \$9.3 million, or 4.1%, from year-end 2016
- Reduction in nonperforming assets of \$207,000 to \$2.1 million, or 9.1%, since year-end 2016

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/>.

Our effort to rebuild the Bank's balance sheet and to substantially increase earnings requires additional loan portfolio growth. We continue to 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 referrals during 2017.** Our loan pricing remains very competitive and we eagerly pursue new lending opportunities.

Release of the 2016 audited financial statements for FNBH Bancorp, Inc.

Our 2016 audited financial statements are now available to view and download from the Company's website at www.fnbh.com. As a means to control expenses and leverage current technology, the audited financial statements will not be distributed to shareholders by mail this year. If you wish to receive a printed copy of the 2016 audited financial statements, please visit a branch location or contact our Call Center at 517.546.3150 to request a copy.

2017 Annual Shareholder Meeting for FNBH Bancorp, Inc.

This letter also provides notice of the 2017 Annual Meeting of Shareholders for FNBH Bancorp, Inc. to be held on Wednesday, July 26, 2017, at 10:00 a.m. at the Howell Opera House located at 123 W. Grand River Ave. in Howell, Michigan. The meeting is being held for the following purposes:

1. To elect each of the following directors for the term of office set forth opposite his name:

<u>Nominee</u>	<u>Proposed Term of Office</u>
R. Michael Yost	3 year term expiring in 2020
Philip C. Utter	3 year term expiring in 2020

2. To ratify the selection of Crowe Horwath LLP as independent auditor for 2017.
3. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Only those stockholders of record at the close of business on June 1, 2017, shall be entitled to notice of and to vote at said meeting or any adjournment thereof.

You are cordially invited to vote your shares via the enclosed proxy card (or by following any instructions provided by your broker) and/or attend the meeting and cast your vote in person. Even if you plan to attend the meeting, please date and sign the enclosed proxy card, indicate your choice with respect to the matters to be voted upon, and return it promptly in the enclosed envelope.

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

Phil Utter, Board Chairman
PUtter@FNBH.com

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

Tim Corrigan, Director
TCorrigan@FNBH.com

Robert Clemente, Director
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Will Dickson, Director
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Ken Marblestone, Director
KMarblestone@FNBH.com

Mike Yost, Director
MYost@FNBH.com

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
March 31, 2017 Shareholder Correspondence
(Unaudited)

Three months ended	
March 31,	
2017	2016

(in thousands, except per share data)

Income Statement Data:

Interest income	\$ 3,060	\$ 2,676
Interest expense	137	135
Net interest income	2,923	2,541
Provision (credit) for loan losses	-	(300)
Noninterest income	498	524
Gain on available for sale securities	199	58
Net gain on sale/write-down of other real estate owned	24	43
Noninterest expense	2,732	2,701
Income before federal income taxes	912	765
Net income	604	760

Per Share Data:

Earnings per basic common share	\$ 0.02	\$ 0.03
Weighted average common shares outstanding	27,771,678	27,771,678

	March 31,	December 31,			
	2017	2016	2015	2014	2013

(in thousands)

Balance Sheet Data:					
Total assets	\$ 380,799	\$ 399,281	\$ 348,169	\$ 322,826	\$ 312,290
Loans, gross	235,796	226,507	170,826	160,046	165,115
Allowance for loan losses	4,890	4,826	5,718	7,109	9,214
Securities	99,537	143,720	142,587	133,315	68,459
Deposits	332,220	332,065	313,066	290,379	285,313
Shareholders' equity	46,147	45,151	34,033	31,144	25,106
Ratios:					
Allowance for loan losses to loans outstanding	2.07%	2.13%	3.35%	4.44%	5.58%
Average equity to average asset ratio	11.93%	10.39%	9.74%	8.99%	3.37%
Net interest margin (tax equivalent)	3.20%	3.37%	3.15%	3.38%	3.84%

	March 31,	December 31,			
	2017	2016	2015	2014	2013

(in thousands)

Nonperforming Loans and Assets:					
Nonaccrual loans	\$ 1,986	\$ 2,103	\$ 5,464	\$ 8,304	\$ 11,067
Loans past due 90 days and still accruing	-	-	-	4	-
Total nonperforming loans	1,986	2,103	5,464	8,308	11,067
Other real estate	80	170	971	1,174	480
Total nonperforming assets	\$ 2,066	\$ 2,273	\$ 6,435	\$ 9,482	\$ 11,547
Nonperforming loans as a percent of total loans	0.84%	0.93%	3.20%	5.19%	6.70%
Allowance for loan losses as a percent of nonperforming loans	246.22%	229.48%	104.65%	85.57%	83.26%
Nonperforming assets as a percent of total loans and other real estate	0.88%	1.00%	3.75%	5.88%	6.97%

	March 31,	December 31,			
	2017	2016	2015	2014	2013

(in thousands)

Classified Loans:					
Commercial	\$ -	\$ -	\$ 62	\$ 261	\$ 164
Commercial Real Estate	815	847	3,385	6,196	13,061
Consumer Real Estate	1,232	1,325	2,242	3,981	4,465
Consumer and Other	24	21	60	121	127
Total	\$ 2,071	\$ 2,193	\$ 5,749	\$ 10,559	\$ 17,817