

PRESS RELEASE

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Howell, MI: First National Bank in Howell, Livingston County's Community Bank

## **FNBH Bancorp, Inc. Announces June 30, 2008 Results**

Management of FNBH Bancorp, Inc., holding company of First National Bank in Howell, announced financial results for the six months ended June 30, 2008. The Corporation reported a net loss for the six months of \$4,044,000 compared to a net loss of \$2,234,000 for the same period in 2007. For the quarter ended June 30, 2008, a net loss of \$4,623,000 was reported compared to a net loss of \$3,213,000 for the same period last year.

President and CEO, Ronald Long, stated "Our second quarter results reflect an increased provision for loan losses resulting from an extensive evaluation of our commercial loan portfolio. Through a combination of internal and external resources, loans aggregating approximately \$140 million were specifically reviewed. Loan collateral valuations were updated as warranted by the challenging economic environment and additional reserves were provided accordingly. The loan review efforts targeted larger dollar relationships, land development loans, identified loans of concern and a sampling of loans throughout the portfolio. While adversely impacting our quarterly earnings, this extensive portfolio review enhances our ability to proactively manage relationships and minimize actual losses incurred."

Long further noted, "We have established substantial reserves for potential loan losses as our loan loss reserve increased to 4.61% of loans at quarter end. The additional loan loss reserves were provided primarily because recent appraisals on property securing commercial real estate loans have shown further declines in collateral values."

Long continued, "Our Bank remains well-capitalized and our balance sheet demonstrates good liquidity. At June 30, we maintained balance sheet liquidity in the form of cash and cash equivalents of \$40 million and had additional investments and certificates of deposit available for liquidity aggregating \$41 million."

Long concluded, "Our net interest margin remains a strong provider of earnings at 4.15%. Both the loan loss reserve ratio and our net interest margin are well above peer averages. To further enhance profitability, our management team will be devoting substantial effort to increase other revenue sources, identify efficiencies and reduce expenses."

As of June 30, 2008, FNBH Bancorp, Inc. and First National Bank remain well capitalized under applicable regulatory guidelines and requirements. Given uncertainties inherent in the current economic environment; the Corporation has made the difficult decision to discontinue its quarterly dividend to shareholders, allowing preservation of capital to ensure the continued strong capital position of the Corporation.

First National Bank with assets of \$425 million has been the bank for Livingston County for over 100 years and has nine branches throughout the county. The Company's stock is traded on the NASDAQ Bulletin Board (FNHM) and can be purchased by calling Howe Barnes Hoefler & Arnett, at (800)800-

4693, Monroe Securities Inc., at (800)766-5560, Stifel, Nicolaus & Co., Inc. at (800)676-0477, or Hill, Thompson, Magid & Co., Inc. at (866)291-6316.

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