

## FNBH BANCORP, INC.

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NASDAQ Symbol: FNHM

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### PRESS RELEASE

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#### FNBH Bancorp, Inc. Announces Yearend 2008 Results

Management of FNBH Bancorp, Inc., holding company of First National Bank in Howell, announced financial results for the year ended December 31, 2008. The Corporation reported a net loss for the twelve months of \$13.4 million compared to a 2007 net loss of \$6.6 million. For the quarter ended December 31, 2008, a net loss of \$7.7 million was reported compared to a net loss of \$205,000 for the same period last year.

President and CEO, Ronald Long, stated "Our fourth quarter results reflect a \$4.8 million non-cash charge to establish a valuation allowance on deferred tax assets, a \$1.3 million other than temporary impairment charge on a \$4 million collateralized mortgage obligation and a \$4.8 million provision for loan losses. Our remaining deferred tax asset, net of the valuation allowance, is \$820,000. While the deferred tax asset valuation was recorded in accordance with current accounting guidance, it is important to note that all of our deferred tax assets remain available to offset future taxable income."

Long further noted, "Our fourth quarter net interest margin remains a strong provider of earnings at 3.93%. Both our loan loss reserve ratio of 4.47% and our net interest margin remain well above peer averages. In addition, we continue to maintain good liquidity with \$22 million in cash and cash equivalents and \$47 million in investments and certificates of deposit available to meet our liquidity needs."

Long concluded, "We have undertaken several important initiatives to improve our performance, including completion of detailed risk assessments of numerous commercial loans encompassing over 70% of the portfolio balance, implementation of annual noninterest expense reductions aggregating more than \$1.7 million and revenue enhancements that are expected to generate more than \$600,000 in additional annual noninterest income. While the expense reductions will be largely offset during 2009 by increased Federal Deposit Insurance Corporation (FDIC) insurance premiums as the FDIC recapitalizes the bank insurance fund, we expect our expense reductions to continue and will seek additional opportunities to further reduce expenses and operate more efficiently. Our commercial portfolio evaluation efforts continue in today's challenging economic environment and rapidly changing conditions."

December 31, 2008 total assets were \$389 million, a decrease of 10.2% from December 31, 2007. Nonperforming loans were \$38.7 million, including \$12.7 million which were paying in accordance with contractual terms. The Company's 2008 year end risk based capital ratio was at 9.54% and the tier one capital ratio stood at 6.88%.

First National Bank 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 Stifel, Nicolaus & Co., Inc. at (800) 676-0477, Howe Barnes Hoefler & Arnett, at (800) 800-4693, Monroe Securities Inc., at (800) 766-5560 or Hill, Thompson, Magid & Co., Inc. at (866) 291-6316.