FOR IMMEDIATE RELEASE
April 22, 2016

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FIRST FEDERAL OF NORTHERN MICHIGAN BANCORP, INC. ANNOUNCES FIRST QUARTER 2016 RESULTS

Alpena, Michigan - (April 22, 2016) First Federal of Northern Michigan Bancorp, Inc. (OTCQX: FFNM) (the "Company") reported consolidated net earnings of $261,000, or $0.07 per basic and diluted share, for the quarter ended March 31, 2016 compared to consolidated net earnings of $356,000, or $0.10 per basic and diluted share, for the quarter ended March 31, 2015. Annualized return on average assets was 0.31% and return on average equity was 3.07% for the first quarter of 2016 compared to 0.42% and 4.58%, respectively for the prior year period.

The Company's results for the quarter ended March 31, 2016 include:

- Quarter over quarter increase of $23,000 to interest income partially offset by an increase of $17,000 to interest expense.
- Provision for loan losses of $32,000 as compared to $23,000 for the prior year period.
- Quarter over quarter increase in the Company's non-interest expense of $83,000, primarily resulting from employment costs related to healthcare and the frozen pension plan and increased occupancy expenses related to technology upgrades late in 2015 and in the first quarter of 2016 when compared to the same period in 2015.
- Tangible book value per share at March 31, 2016 was $8.86 compared to $8.36 at March 31, 2015, primarily reflecting the Company's improvement to earnings following the merger.

When comparing our results for the three months ended March 31, 2016 to the three months ended March 31, 2015, net interest income remained unchanged at $2.3 million. Non-interest income decreased $9,000 to $485,000 for the quarter ended March 31, 2016 from $494,000 for the quarter ended March 31, 2015. Our non-interest expenses increased $83,000 to $2.5 million for the three months ended March 31, 2016 from $2.4 million for the three months ended March 31, 2015.

Michael W. Mahler, Chief Executive Officer of the Company, commented, "We are pleased with our commercial loan pipeline as we continue to focus our efforts on growing our commercial loan portfolio, which is evidenced by the recent addition of three commercial lenders to our lending team. We believe our increased presence, market and product expansion along with higher commercial loan demand accounts for the growth in our commercial pipeline. We remain confident that our long term strategy will result in quality loan growth and provide the earnings growth needed to enhance value for our shareholders."

Mahler continued "While provision expense increased quarter over quarter, asset quality remains strong as demonstrated by a 10.9% Texas ratio as of March 31, 2016. This is also evident with a $1.0 million reduction to our non-performing assets and net recoveries on charged off loans as compared to the same period one year earlier. We are disappointed to report that late in the quarter we did place a commercial loan into non-accrual status. This well-seasoned loan is supported with a government guarantee so we do not expect the default to have a significant impact on the Bank as we look ahead. The action though did negatively impact earnings for the quarter by more than $20,000. We view this as an isolated situation within the portfolio as demonstrated by the strong asset quality metrics cited above."

Financial Condition

Total assets of the Company at March 31, 2016 were $330.6 million, a decrease of $5.4 million, or 1.6%, from $336.0 million at December 31, 2015. Cash and cash equivalents increased $4.0 million, or 52.8%, while securities available for sale decreased $5.1 million, or 4.0%, to $123.3 million and deposits held in other financial institutions decreased $744,000, or 7.9%, as we had certificates of deposits mature during the first three months of 2016. In addition, net loans receivable decreased $1.6 million, or 1.0%, to $166.4 million at March 31, 2016.

	March 31, 2016	December 31, 2015
Mortgage Loans	$ 74,726	$ 75,806
Consumer Real Estate	8,608	8,726
Consumer Other	1,551	1,504
Commercial Real Estate	58,877	60,077
Commercial Other	24,242	23,430
Total gross loans	$ 168,004	$ 169,543
Loan Loss Reserve	(1,600)	(1,559)
Net Loans Receivable	$ 166,404	$ 167,984

Deposits increased $2.2 million, or less than 1.0%, to $270.7 million at March 31, 2016 from December 31, 2015. FHLB advances decreased $8.4 million, or 25.7%, as proceeds from loan payments and matured securities were used to pay off maturing advances.

Stockholders' equity increased $661,000, or 2.0%, to $34.0 million at March 31, 2016 from December 31, 2015. The increase was due primarily to net earnings for the three-month period of $261,000 and an increase of $549,000 in the unrealized gain on available-for-sale investment securities, offset by a dividend payment of $149,000. At March 31, 2016 First Federal of Northern Michigan remains "well-capitalized" for regulatory purposes, as shown in the table below.

	Actual		Regulatory Minimum *		Minimum to be Well Capitalized *	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	Dollars in Thousands					
Tier 1 Leverage Capital (tier 1 to quarterly average assets):	$ 30,146	9.00%	$ 13,411	4.00%	$ 16,764	5.00%
Common Equity Tier 1 Risk-based Capital (core capital to risk-weighted assets):	$ 30,146	17.46%	$ 7,768	4.50%	$ 11,220	6.50%
Tier 1 Risk-based Capital (tier 1 to risk-weighted assets):	$ 30,146	17.46%	$ 10,357	6.00%	$ 13,809	8.00%
Total Risk-based Capital (risk-based capital to risk weighted assets):	$ 31,746	18.39%	$ 13,809	8.00%	$ 17,262	10.00%
Tangible Capital (tangible capital to tangible assets):	$ 30,146	8.93%	$ 6,748	1.50%	$ 16,871	N/A

* The minimum required regulatory ratios do not include the conservation buffer that began on January 1, 2016, which will be fully phased in by January 1, 2019.

Results of Operations

Interest income remained steady at $2.6 million for the three months ended March 31, 2016 and 2015. During the three months ended March 31, 2016 our yield on interest-earning assets remained unchanged at 3.34% when compared to the same period in 2015.

Interest expense increased to $318,000 for the three months ended March 31, 2016 from $301,000 for the three months ended March 31, 2015. The increase in interest expense was due primarily to an 11 basis point increase in the cost of FHLB advances to 1.31% from 1.20% partially offset by a decrease of $2.7 million in the average balance of our interest-bearing deposit accounts during the three months ended March 31, 2016 as compared to the prior year period.

The Company's net interest margin decreased to 2.93% for the three-month period ended March 31, 2016 from 2.96% for the same period in 2015 as a result of the factors mentioned above.

The provision for loan losses for the three-month period ended March 31, 2016 was $32,000, as compared to $23,000 for the prior year period. The increase in provision expense quarter over quarter is primarily related to an increase in delinquencies in our loan portfolio offset by fewer loans requiring specific reserves along with a net recovery position on previously charged off loans. The provision was based on management's review of the components of the overall loan portfolio, the status of non-performing loans and other subjective factors.

Non-interest income decreased to $485,000 for the quarter ended March 31, 2016 from $494,000 for the 2015 period. Income related to insurance and brokerage commissions decreased $18,000, while we recorded a $5,000 loss on sale of bank owned properties as compared to a gain of $91,000 for the year earlier period. Partially offsetting these decreases was the collection of $100,000 in life insurance proceeds during the three months ended March 31, 2016.

Non-interest expense increased $83,000 to $2.5 million for the 2016 period from $2.4 million for the three months ended March 31, 2015, as we saw increases in the following areas:

- $44,000 in compensation and employee benefits, as a result of increased health care costs associated with increased premiums and claims activity along with increase funding expenses related to our frozen pension plan,
- $50,000 in occupancy related to technology upgrades made late in 2015 and early 2016,
- $21,000 in service bureau (bank operating system) fees,
- Partially offsetting these increases was a decrease of $40,000 in collection and real estate owned expenses.

During the quarters ended March 31, 2016 and March 31, 2015 the Company recorded no tax expense.

Select Performance and Financial Statistics (unaudited):

	For the Three Months Ended March 31,	
	2016	2015
Net interest margin	2.93%	2.96%
Average interest rate spread	2.79%	2.83%
Non-performing assets to total assets	1.05%	1.32%
Non-performing loans to total loans	1.39%	0.84%
Allowance for loan losses to total loans	0.95%	0.88%
Return on average assets*	0.31%	0.42%
Return on average equity*	3.07%	4.58%
Efficiency ratio (1)	89.66%	86.23%
Dividend payout ratio (basic)	57.19%	20.96%
Tangible book value per share	$ 8.86	$ 8.36
Earnings per share	$ 0.07	$ 0.10
Total shares outstanding	3,727,014	3,727,014

* Annualized

(1) Non-interest expense divided by net interest income plus non-interest income, excluding any gains or losses.

First Federal of Northern Michigan Bancorp, Inc. and Subsidiaries
Consolidated Balance Sheet
(in thousands)

	March 31, 2016		December 31, 2015	
	(Unaudited)			
ASSETS				
Cash and cash equivalents:				
Cash on hand and due from banks	$	11,115	$	7,574
Overnight deposits with FHLB		500		29
Total cash and cash equivalents		11,615		7,603
Deposits held in other financial institutions		8,646		9,390
Securities available for sale		123,328		128,418
Securities held to maturity		745		745
Loans held for sale		-		563
Loans receivable, net of allowance for loan losses of $1,599,569 and $1,559,231 as of March 31, 2016 and December 31, 2015, respectively		166,404		167,984
Foreclosed real estate and other repossessed assets		1,127		1,171
Federal Home Loan Bank stock, at cost		1,636		1,636
Premises and equipment		6,219		6,329
Assets held for sale		271		271
Accrued interest receivable		1,044		1,039
Intangible assets		990		1,044
Deferred tax asset		2,369		2,615
Originated mortgage servicing rights		540		578
Bank owned life insurance		4,632		4,857
Other assets		1,018		1,766
Total assets	$	330,584	$	336,009
LIABILITIES AND STOCKHOLDERS' EQUITY				
Liabilities:				
Deposits	$	270,717	$	268,527
Advances from Federal Home Loan Bank		24,480		32,928
Accrued expenses and other liabilities		1,385		1,213
Total liabilities		296,582		302,668
Stockholders' equity:				
Common stock ($0.01 par value 20,000,000 shares authorized 4,034,675 shares issued)		40		40
Additional paid-in capital		28,264		28,264
Retained earnings		7,932		7,820
Treasury stock at cost (307,750 shares)		(2,964)		(2,964)
Accumulated other comprehensive income		730		181
Total stockholders' equity		34,002		33,341
Total liabilities and stockholders' equity	$	330,584	$	336,009

First Federal of Northern Michigan Bancorp, Inc. and Subsidiaries
Consolidated Statement of Income and Comprehensive Income
(in thousands)

	For the Three Months Ended March 31,	
	2016	2015
	(Unaudited)	
Interest income:		
Interest and fees on loans	$ 1,988	$ 2,004
Interest and dividends on investments		
Taxable	337	294
Tax-exempt	24	31
Interest on mortgage-backed securities	291	288
Total interest income	2,640	2,617
Interest expense:		
Interest on deposits	229	235
Interest on borrowings	89	66
Total interest expense	318	301
Net interest income	2,322	2,316
Provision for loan losses	32	23
Net interest income after provision for loan losses	2,290	2,293
Non-interest income:		
Service charges and other fees	230	218
Mortgage banking activities	99	101
Net (loss) gain on sale of premises and equipment, real estate owned and other repossessed assets	(5)	91
Other	161	84
Total non-interest income	485	494
Non-interest expense:		
Compensation and employee benefits	1,463	1,419
FDIC Insurance Premiums	58	64
Advertising	35	44
Occupancy	330	280
Amortization of intangible assets	54	61
Service bureau charges	124	103
Professional services	109	110
Collection activity	22	63
Real estate owned & other repossessed assets	19	18
Other	300	269
Total non-interest expense	2,514	2,431
Income before income tax expense	261	356
Income tax expense	-	-
Net Income	$ 261	$ 356
Other Comprehensive Income:		
Unrealized gain on investment securities - available for sale securities - net of tax	$ 730	$ 345
Reclassification adjustment for gains realized in earnings - net of tax	-	-
Comprehensive Income	$ 991	$ 701

Safe Harbor Statement

This news release and other releases and reports issued by the Company may contain “forward-looking statements.” The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The Company is including this statement for purposes of taking advantage of the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995.