



Together, We are First.

Annual Report 2019



Kalamazoo | Portage | Grand Rapids | Holland | Lansing

Executive Officers



Daniel Bitzer
President and CEO



Jefra Groendyk
Executive Vice President
Grand Rapids Market
President and Bank
Senior Lender



Cindy Kole
Senior Vice President
Chief Operating Officer



Matt Morgan, CPA, CBCM
Senior Vice President
Chief Financial Officer
Chief Technology Officer
Secretary and Treasurer



Steve Piper
Senior Vice President
Chief Credit Officer

Board of Directors

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Chairman
John M. Schreuder,
Chairman Emeritus
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Edward B. Montgomery
Sondra K. Phillips
Virginia M. Seyferth
Joshua T. Weiner
Emeritus: John M. Dunn

LETTER TO OUR Shareholders

First National Bank of Michigan continued to experience expansive growth for the thirteenth straight year. During 2019, our Bank's net income increased 10% to \$6.8 million, Fully Diluted Earnings per Share increased 11% to \$3.30, loans increased 9% to over \$491 million, deposits increased 4% to greater than \$500 million, and First National Bank of Michigan's total assets finished the year at more than \$631 million.

In October of 2019, our downtown Kalamazoo branch relocated next door to 318 West Michigan Avenue allowing for the convenience of a drive-thru and additional space. A new location for a Lansing branch was approved by the Office of the Comptroller of the Currency in February of 2020. A prime location has been secured for the Lansing branch and the space will be renovated with plans to open later in 2020. Our Holland and Grand Rapids teams continue to work hard to increase our Bank's visibility in each of those markets, resulting in continued growth in both locations.

During 2019, we had several promotions from within including Jefra A. Groendyk, Senior Lender and Grand Rapids Market President promoted to Executive Vice President. In April 2019, veteran banker, Kim Melvin joined our Bank as a Private Banker. Private Banking was introduced to our customers in September of 2019, proving to be another popular personalized service your community bank is proud to provide. The end of November brought the retirement of long-time Commercial Banker John J. Schreuder. John helped open the Bank in 2006 and was key in helping us grow and expand. The first Daniel R. Smith Banking Intern was selected, Nathan Nagel, a Western Michigan University senior. Nathan started his internship during the fall semester of 2019. First National Bank of Michigan was chosen by South West Michigan First as a Wonderful Workplace recipient in 2019.

Our year-end stock price increased to \$49.00 per share, a year-over-year increase of 10.1%.

Thank you for your continued support and investment in First National Bank of Michigan, we appreciate your business and your referrals.

Together, We are First.

Daniel E. Bitzer *Larry D. Lueth*

Daniel Bitzer
President & CEO

Larry D. Lueth
Chairman of the Board

2009-2019

Financial Review

For the Year	2019	2018
Net interest income	\$20,656,000	\$19,020,000
Provision for loan losses	692,000	1,005,000
Non-interest income	1,172,000	1,060,000
Non-interest expense	12,989,000	11,737,000
Income tax expense	1,369,000	1,177,000
Net income	6,779,000	6,161,000
Pre-Tax Pre-Provision	8,839,000	8,343,000

At Year End	2019	2018
Assets	\$631,720,000	\$574,458,000
Gross Loans	491,400,000	449,476,000
Allowances for loan loss (ALLL)	6,463,000	6,562,000
Other assets	146,783,000	131,544,000
Deposits	500,425,000	479,433,000
Other liabilities	70,604,000	40,469,000
Shareholders' equity	60,691,000	54,556,000

Ratios	2019	2018
Return on average assets	1.21	1.17
Return on average equity	11.71	11.93
Total risk-based capital ratio	11.68	11.72
ALLL as percentage of loans	1.32	1.46

Private Banking Customized Solutions

- Designated Private Banker (single point of contact for all your personal banking needs, providing customized banking advice and timely service)
- Customized Deposit Solutions
- Premium Tiered Deposit Pricing
- Customized and Timely Lending Solutions
- Complimentary Customized Annual FDIC Review

Contact Kim Melvin
to schedule a consultation
269.488.8854
kpmelvin@fnbmichigan.com

2017	2016	2015	2014	2013	2012	2011	2010	2009
\$16,749,000	\$15,009,000	\$13,644,000	\$12,241,000	\$10,735,000	\$8,928,000	\$7,895,000	\$6,412,000	\$5,217,000
327,000	458,000	154,000	340,000	808,000	515,000	567,000	879,000	975,000
1,211,000	1,195,000	1,140,000	1,136,000	1,279,000	1,087,000	870,000	1,145,000	552,000
10,239,000	8,687,000	7,613,000	7,275,000	6,627,000	5,938,000	5,022,000	4,388,000	3,617,000
2,681,000	1,746,000	2,214,000	1,729,000	1,340,000	1,132,000	1,018,000	757,000	376,000
4,713,000	5,313,000	4,803,000	4,033,000	3,239,000	2,430,000	2,158,000	1,533,000	801,000
7,721,000	7,517,000	7,171,000	6,102,000	5,387,000	4,077,000	3,743,000	3,169,000	2,152,000

\$483,564,000	\$456,942,000	\$416,430,000	\$355,227,000	\$311,672,000	\$250,105,000	\$204,754,000	\$176,846,000	\$161,258,000
386,808,000	356,360,000	301,999,000	264,901,000	246,658,000	208,446,000	162,465,000	146,649,000	118,941,000
5,578,000	5,241,000	4,871,000	4,717,000	4,534,000	3,709,000	3,268,000	2,797,000	1,927,000
102,334,000	105,823,000	119,302,000	95,043,000	69,548,000	45,368,000	45,557,000	32,994,000	42,244,000
405,375,000	366,219,000	360,301,000	310,977,000	273,427,000	216,129,000	173,575,000	146,766,000	137,967,000
29,479,000	46,661,000	18,117,000	11,463,000	10,024,000	8,424,000	8,388,000	10,225,000	5,109,000
48,710,000	44,062,000	38,012,000	32,787,000	28,221,000	25,552,000	22,791,000	19,855,000	18,182,000

1.00	1.22	1.24	1.21	1.13	1.09	1.11	0.95	0.54
10.28	12.91	13.52	13.22	11.78	10.28	10.35	8.04	4.58
12.64	12.23	12.24	14.27	13.47	12.84	14.05	14.03	15.66
1.44	1.47	1.61	1.78	1.84	1.78	2.01	1.93	1.62



Awarded in 2019, the Daniel R. Smith Banking Internship

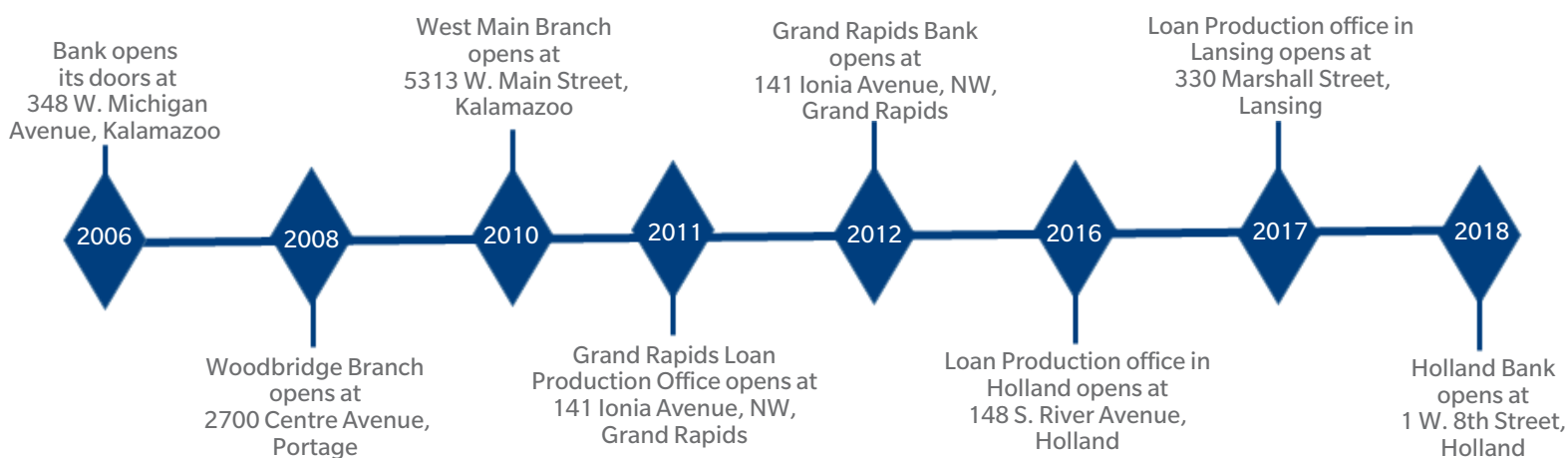
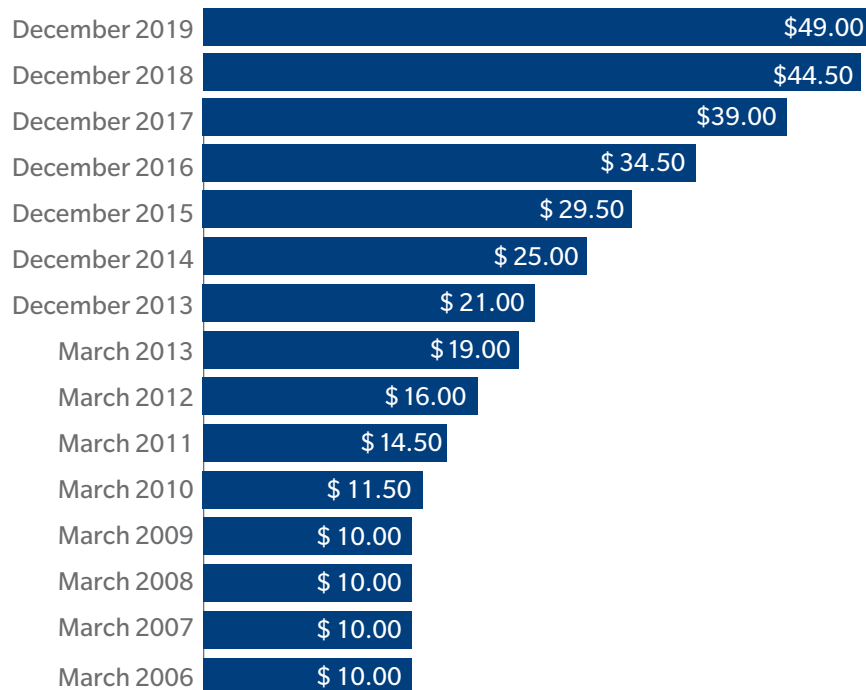
Nathan Nagel, a Kalamazoo native and senior at Western Michigan University majoring in Finance, received the first Daniel R. Smith Banking Internship awarded by First National Bank of Michigan. Dan Smith's wife Judy (pictured left) was present to congratulate Nathan at a luncheon in his honor.

"I am thrilled the Bank extended this opportunity to Nathan. Dan would be so proud."

-Judy Smith

Stock Performance

Price Per Share



Together, We are First.

FNBMichigan.com

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