



**Quarterly Report**  
**March 31, 2019**

**Kalamazoo | Portage**  
**Grand Rapids | Holland**  
**Lansing**

**Together, We are First.**

## Dear Shareholder:

On behalf of the Board of Directors and the Management of First National Bank of Michigan, we are pleased to report the Bank's performance during the quarter ending March 31, 2019.

The first quarter of 2019 proved to be another good one. Net income was \$1.6 million, an increase of 11% over the first quarter of 2018. Our loan portfolio grew by \$63 million, an increase of 16% while deposits grew by \$36 million, a 9% increase. As reported at the Annual Shareholders' meeting on May 9, 2019, FNBM stock is at an all-time high of \$46 per share!

The Bank recently announced the acquisition of a building at 318 West Michigan Avenue, adjacent to the existing building in downtown Kalamazoo. The location of the property provides us with the opportunity to relocate the branch to the east end of the building. Additionally, this will enable us to utilize the drive-thru for the convenience of our customers and increase office capacity for bank operations in our current location at the west end of the property. Plans to occupy the new space are set for the fourth quarter of this year.

We are celebrating our first year as a full service bank in Holland. It's been a successful first year and we continue to be involved in the community by supporting local non-profits and our employees' volunteer efforts. The Grand Rapids branch has completed some recent building improvements as the team continues to gain market share. We are excited to announce the Loan Production office in Lansing will convert to a full service branch in 2020.

Thank you for your referrals, and we encourage you to recommend First National Bank of Michigan to your family, friends, and business associates. Your referrals have a significant impact on the growth and profitability of our bank, and in turn, the future value of your investment. Thank you for your investment in your community bank.

Together, We are First.



Daniel E. Bitzer  
President and CEO

Larry D. Lueth  
Chairman of the Board

**CONSOLIDATED BALANCE SHEET (Unaudited) (in '000's)**

<b>Assets</b>	<b>03/31/19</b>	<b>03/31/18</b>
Cash & Due from Banks	\$30,942	\$9,080
Investments	55,085	70,091
Loans		
Commercial Loans	428,801	364,422
Residential Mortgage Loans	32,695	33,574
Consumer & other loans	1,650	2,083
Gross Loans	<u>463,146</u>	<u>400,079</u>
Allowance for loan losses	<u>(6,063)</u>	<u>(5,758)</u>
Net Loans	457,082	394,321
Fixed Assets	3,477	2,922
Other Assets	11,676	9,561
Total Assets	<u>\$558,262</u>	<u>\$485,975</u>

**Liabilities & Shareholders' Equity**

Demand Deposits	\$201,176	\$150,451
Savings Deposits	126,741	147,273
Time Deposits	124,848	118,609
Borrowings	48,000	18,000
Other Liabilities	1,073	1,651
Total Liabilities	<u>501,837</u>	<u>435,984</u>
Capital		
Common Stock	21,088	21,455
Undivided Profits	33,989	27,828
YTD net income	1,565	1,408
Unrealized Gain (loss) on Secs	(218)	(700)
Total Capital	<u>56,425</u>	<u>49,991</u>
Total Liabilities & Shareholders Equity	\$558,262	\$485,975

269.349.0100 | 348 W. Michigan Ave., Kalamazoo  
269.250.9960 | 5313 W. Main St., Kalamazoo  
269.488.0290 | 2700 W. Centre Ave., Portage  
616.242.6500 | 141 Ionia Ave., NW, Grand Rapids  
616.251.1200 | 1 West 8th St., Holland  
517.319.8000 | 330 Marshall St., Suite 200, Lansing

**CONSOLIDATED INCOME STATEMENT (Unaudited) (in '000's)****For the 3 months ended 03/31/19**    **For the 3 months ended 03/31/18**

<b>Interest Income</b>		
Loans	\$5,740	\$4,442
Loan Fees	114	132
Investment	300	357
Fed Funds & Due from Banks	148	70
<b>Total Interest Income</b>	<b>6,302</b>	<b>5,001</b>
<b>Interest Expense</b>		
Deposits	1,086	471
Borrowings	265	100
<b>Total Interest Expense</b>	<b>1,351</b>	<b>571</b>
Provision For Loan Losses	196	176
<b>Net Int. Income after Prov.</b>	<b>4,755</b>	<b>4,254</b>
<b>Non-Interest Income</b>		
Fees and Services Charges	66	67
Investment Referral Fees	38	29
Other Fees and Income	151	160
<b>Total Non-Interest Income</b>	<b>255</b>	<b>255</b>
<b>Non-Interest Expense</b>		
Employee Compensation	1,959	1,737
Occupancy Expense	262	220
Advertising Expense	89	94
Equipment Expense	93	92
Outside Services	180	137
Other General Expense	559	533
<b>Total Non-Interest Expenses</b>	<b>3,142</b>	<b>2,813</b>
<b>Net Income before Taxes</b>	<b>1,867</b>	<b>1,696</b>
Federal Income Taxes	302	288
<b>Net Income</b>	<b>\$1,565</b>	<b>\$1,408</b>
<b>Earnings Per Share</b>	<b>\$0.75</b>	<b>\$0.68</b>
<b>Return on Average Assets</b>	<b>1.12%</b>	<b>1.18%</b>
<b>Return on Average Equity</b>	<b>11.44%</b>	<b>11.57%</b>

## Board of Directors

Larry Lueth - Chairman

Dan Bitzer - Director

Eric Brown - Director

Joseph Calvaruso - Director

James DeKruyter - Director

James DeMoss - Director

John Dunn - Director Emeritus

James Gunderson - Director

David Holmes - Director

Ben Ipema - Director

Edward Montgomery - Director

Sondra Phillips - Director

John Schreuder - Director, Chairman Emeritus

Virginia Seyferth - Director

Joshua Weiner - Director

## Executive Team

Dan Bitzer - President & CEO

Jefra Groendyk - Market President, Grand Rapids,  
Bank Senior Lender

Cindy Kole - Senior Vice President,  
Chief Operating Officer

Matt Morgan - Senior Vice President,  
Chief Financial Officer

Steve Piper - Senior Vice President,  
Chief Credit Officer



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# Officers

**Greg Accardo**  
Market President, Holland

**Patty Barnas**  
Market President, Lansing

**Michele Boven**  
VP, Compliance

**Brian Campbell**  
VP, Commercial Banking

**Nick Conley**  
Officer, Commercial Banking

**Judy Drenth**  
AVP, Controller

**Sue Edwards**  
VP, Branch Manager

**Paige Gardner**  
Officer, Credit Analyst

**Tim Hoekstra**  
VP, Commercial Banking

**Al Hoffman**  
VP, Human Resources

**Michelle Hoopman**  
Officer, Branch Assistant

**Dustin Hopkins**  
VP, Commercial Banking

**Rick Jackson**  
VP, Commercial Banking

**Chris Jacobs**  
VP, Branch Manager

**David Kistler**  
VP, Commercial Banking

**Cynthia Lamirande**  
VP, Branch Manager

**Deb Lang**  
AVP, Marketing

**Joe Ludy**  
VP, Branch Manager

**Chris Mars**  
VP, Commercial Banking

**Jennifer Marsh**  
VP, Commercial Banking

**Kim Melvin**  
VP, Personal Relationship Manager

**Tamara Milobinski, CTP**  
VP, Commercial Banking

**Sara Mottl**  
Officer, Operations

**Jennifer Nemecek, CTP**  
VP, Treasury Management

**Emily Newman**  
VP, Operations

**Shaunna Padgett**  
AVP, Branch Administration

**Nickie Peters**  
Officer, Product Support & Facilities

**Jesse Prins**  
VP, Commercial Banking

**Kathy Reenders**  
Officer, Branch Assistant

**Beth Rowley**  
AVP, Operations

**John J. Schreuder**  
VP, Commercial Banking

**Josh Schultz**  
VP, Commercial Banking

**Charles Slauer**  
VP, Commercial Banking

**Gary Stock**  
Officer, IT Specialist

**Amy Vervaras**  
VP, Branch Manager

**Jennifer Warning**  
AVP, Credit Manager