



Quarterly Report
September 30, 2019

Kalamazoo | Portage
Grand Rapids | Holland
Lansing

Together, We are First.

Dear Shareholder:

Thank you for your investment and continued support of First National Bank of Michigan. The Board of Directors, management, and employees continue to work diligently to provide high-quality service to our customers and generate solid returns for our shareholders.

We are pleased to present the results of the third quarter 2019. Net Income of \$4,925,000 for the nine-month period that ended 9/30/19, was up 8% compared to the same period last year and earnings per share (EPS) were \$2.39 as compared to \$2.19 per share for the same period last year. Total Assets rose 9%, to \$596,550,000 as of quarter end.

As communicated last month to our shareholders, First National Bank of Michigan Private Banking Customized Solutions was introduced in September and has been met with great enthusiasm. If you would like information, please contact Kim Melvin at 269.488.8854. Renovation is complete at 348 West Michigan Avenue, the adjacent property to the existing building in downtown Kalamazoo. Ribbon cutting took place October 21st on the same day the branch opened for business. The exterior of the downtown Kalamazoo building received a face-lift complete with a new digital sign. Grand Rapids, Holland and Lansing staff continue to grow these important markets and are working hard to increase our presence. We are actively pursuing a location for a permanent branch in Lansing with plans to open in 2020. FNBM recently received the 2019 Wonderful Workplace award from Southwest Michigan First.

Because we're fortunate to be in a well capitalized position, over the last year we have been buying back FNBM stock that becomes available. Please contact Linda Massura at 269.488.8858 if you have an interest in buying or selling FNBM stock. Our second quarter stock price increased to \$47 with the third quarter valuation due mid-December.

If you personally do not utilize our financial services, please consider contacting us or visiting any one of our convenient branch locations. On behalf of the First National Bank of Michigan team, we thank you for your continued loyalty.

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Sincerely,



Daniel E. Bitzer
President and CEO



Larry D. Lueth
Chairman of the Board

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

Assets	09/30/19	09/30/18
Cash & Due from Banks	\$51,192	\$44,811
Investments	45,839	57,104
Loans		
Commercial Loans	456,425	404,939
Residential Mortgage Loans	28,688	33,777
Consumer & other loans	1,724	1,968
Gross Loans	<u>486,837</u>	<u>440,684</u>
Allowance for loan losses	<u>(6,422)</u>	<u>(6,464)</u>
Net Loans	480,415	434,220
Fixed Assets	3,833	3,009
Other Assets	15,270	10,168
Total Assets	<u>\$596,550</u>	<u>\$549,312</u>

Liabilities & Shareholders' Equity

Demand Deposits	\$197,840	\$171,437
Savings Deposits	175,095	164,503
Time Deposits	103,623	129,508
Borrowings	58,500	28,000
Other Liabilities	2,752	2,927
Total Liabilities	<u>537,809</u>	<u>496,375</u>
Capital		
Common Stock	19,651	21,416
Retained Earnings	33,989	27,828
YTD net income	4,925	4,546
Unrealized Gain (loss) on Secs	175	(854)
Total Capital	<u>58,740</u>	<u>52,936</u>
Total Liabilities & Shareholders Equity	<u>\$596,550</u>	<u>\$549,312</u>

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 9 months ended 09/30/19 **For the 9 months ended 09/30/18**

Interest Income		
Loans	\$17,878	\$14,521
Loan Fees	495	441
Investment	827	988
Fed Funds & Due from Banks	395	306
Total Interest Income	19,594	16,255
Interest Expense		
Deposits	3,283	1,756
Borrowings	885	404
Total Interest Expense	4,168	2,160
Provision For Loan Losses	555	878
Net Int. Income after Prov.	14,871	13,217
Non-Interest Income		
Fees and Services Charges	211	211
Gains on Mortgages Sold	9	31
Investment Referral Fees	89	85
Other Fees and Income	508	473
Total Non-Interest Income	817	801
Non-Interest Expense		
Employee Compensation	5,967	5,196
Occupancy Expense	893	729
Advertising Expense	291	270
Equipment Expense	324	283
Outside Services	572	411
Other General Expense	1,740	1,624
Total Non-Interest Expenses	9,787	8,514
Net Income before Taxes	5,901	5,504
Federal Income Taxes	976	958
Net Income	\$4,925	\$4,546
Earnings Per Share	\$2.39	\$2.19
Return on Average Assets	1.13%	1.18%
Return on Average Equity	11.63%	11.96%

Board of Directors

Larry Lueth - Chairman

Daniel Bitzer - Director

Eric Brown - Director

Joseph Calvaruso - Director

James DeKruyter - Director

James DeMoss - Director

John Dunn - Director Emeritus

David G. Echelbarger - Director

James Gunderson - Director

David Holmes - Director

Ben Ipema - Director

Edward Montgomery - Director

Sondra Phillips - Director

John M. Schreuder - Director, Chairman Emeritus

Virginia Seyferth - Director

Joshua Weiner - Director

Executive Team

Dan Bitzer - President & CEO

Jefra Groendyk - Executive Vice President, Grand Rapids Market President and 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

Brian Clark
Officer, Branch Manager

Nick Conley
Officer, Commercial Banking

Sue Edwards
VP, Branch Manager

Paige Gardner
Officer, Credit Analyst

Cheryl Germain
Officer, Controller

Andrea Goodin
Officer, Compliance

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

David Kistler
VP, Commercial Banking

Cynthia Lamirande
VP, Branch Manager

Deb Lang
AVP, Marketing

Nicole Lowczyk
Officer, Treasury Management

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
VP, Strategic & Operating Manager

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

Melanie Squires
VP, Treasury Management

Gary Stock
Officer, IT Specialist

Amy Vervaras
VP, Branch Manager

Jennifer Warning
AVP, Credit Manager