



Quarterly Report
December 31, 2019

Kalamazoo | Portage
Grand Rapids | Holland
Lansing

Together, We are First.

Dear Shareholder:

The fourth quarter of 2019 concluded what proved to be another record year for First National Bank of Michigan, your local community Bank. Earnings per share (EPS) increased from \$2.98 to \$3.30, an 11% gain and Average Return on Assets increased from 1.17% to 1.21%. Net Income of \$6,779,000 for the 12-month period that ended 12/31/19 was up 10% compared to the same period last year. Total Assets rose 10% to \$631,012,000 as of year-end.

Our client focus continued to serve us well in 2019. Deposits grew \$21 million, a 4% increase over 2018. In 2019, while maintaining safe and conservative lending practices, we escalated our loan portfolio balances by \$42 million, a 9% increase over 2018.

First National Bank of Michigan continues to invest in our people and our communities. In 2019, our employees volunteered more than 800 service hours. In 2020, our Loan Production Office in Lansing will expand to become a full-service bank. A location to be announced at a later date.

At the end of November, First National Bank of Michigan extended best wishes for retirement to John J. Schreuder. John was a valuable member of our team, joining the bank when it opened in 2006 as our first Commercial Banker.

We greatly appreciate the business you do with us and ask you continue referring others to your locally owned bank! Our third quarter stock price increased to \$48 per share with the fourth quarter valuation due mid-March 2020. If you are interested in either buying or selling our stock, please contact Linda Massura at 269.488.8858 and she will be happy to assist you. On behalf of the First National Bank of Michigan team, we thank you.

Together, We are First.

Sincerely,



Daniel E. Bitzer
President and CEO



Larry D. Lueth
Chairman of the Board

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

Assets	12/31/19	12/31/18
Cash & Due from Banks	\$77,625	\$64,003
Investments	50,160	54,030
Loans		
Commercial Loans	462,740	413,609
Residential Mortgage Loans	26,563	34,192
Consumer & other loans	2,097	1,676
Gross Loans	491,400	449,476
Allowance for loan losses	(6,463)	(6,562)
Net Loans	484,937	442,914
Fixed Assets	6,137	3,430
Other Assets	12,154	9,015
Total Assets	<u>\$631,012</u>	<u>\$573,392</u>

Liabilities & Shareholders' Equity

Demand Deposits	\$207,299	\$165,388
Savings Deposits	178,990	202,131
Time Deposits	114,136	111,914
Borrowings	68,100	38,000
Other Liabilities	1,796	1,404
Total Liabilities	<u>570,321</u>	<u>518,837</u>
Capital		
Common Stock	19,685	21,140
Retained Earnings	33,989	27,828
YTD net income	6,779	6,161
Unrealized Gain (loss) on Secs	239	(574)
Total Capital	<u>60,691</u>	<u>54,556</u>
Total Liabilities & Shareholders Equity	<u>\$631,012</u>	<u>\$573,392</u>

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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 12 months ended 12/31/19** **For the 12 months ended 12/31/18**

Interest Income		
Loans	\$23,962	\$20,093
Loan Fees	649	562
Investment	1,077	1,287
Fed Funds & Due from Banks	463	527
Total Interest Income	26,152	22,469
Interest Expense		
Deposits	4,283	2,834
Borrowings	1,213	615
Total Interest Expense	5,496	3,450
Provision For Loan Losses	692	1,005
Net Int. Income after Prov.	19,694	18,015
Non-Interest Income		
Fees and Services Charges	286	278
Gains on Mortgages Sold	21	45
Investment Referral Fees	116	116
Other Fees and Income	675	620
Total Non-Interest Income	1,098	1,060
Non-Interest Expense		
Employee Compensation	8,038	7,159
Occupancy Expense	1,224	1,000
Advertising Expense	357	425
Equipment Expense	440	384
Outside Services	797	590
Other General Expense	2,059	2,179
Total Non-Interest Expenses	12,915	11,737
Net Income before Taxes	8,148	7,337
Federal Income Taxes	1,369	1,177
Net Income	\$6,779	\$6,161
Earnings Per Share	\$3.30	\$2.98
Return on Average Assets	1.21%	1.17%
Return on Average Equity	11.71%	11.93%

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



Together, We are First.

Officers

Greg Accardo
Market President, Holland

Patty Barnas
Market President, Lansing

Michele Boven
VP, Compliance

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,
Security & Training Manager

Michelle Hoopman
Officer, Branch Assistant

Dustin Hopkins
VP, Commercial Banking

Rick Jackson
VP, Commercial Banking

David Kistler
VP, Commercial Banking

Marcus Kole
Officer, Commercial Banking

Cynthia Lamirande
VP, Branch Manager

Deb Lang
AVP, Marketing Director

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 Manager

Emily Newman
VP, Operations Manager

Shaunna Padgett
VP, Strategic & Operating Manager

Nickie Peters
Officer, Facilities Manager, Product
Support

Jesse Prins
VP, Commercial Banking

Kathy Reenders
Officer, Branch Assistant

Beth Rowley
AVP, Operations

Josh Schultz
VP, Commercial Banking

Charles Slauer
VP, Commercial Banking

Melanie Squires
VP, Treasury Management

Gary Stock
Officer, IT Specialist

Amy Ververas
VP, Branch Manager

Kevin Waldie
VP, Compliance Manager

Jennifer Warning
AVP, Credit Manager