



FIRST NATIONAL BANK
of Michigan

Quarterly Report
March 31, 2020

Kalamazoo | Portage
Grand Rapids | Holland
Lansing

Dear Shareholder:

Thank you for your investment and continued support of First National Bank of Michigan. The unprecedented events in late March continue to affect the communities we serve. Our Board of Directors, management, and employees work diligently to provide high-quality service to our customers and generate solid returns for our shareholders.

In the first quarter 2020, net Income of \$1,146,000 for the three-month period that ended 3/31/2020 was down 27% and diluted earnings per share (EPS) were \$0.56 as compared to \$0.76 per share for the same period last year. Our Pre-Tax Pre-Provision earnings of \$2,162,000 were up 5% but we added \$588,000 more in Loan Loss Provision expense than for the same period last year as we position ourselves for the uncertain economic future ahead. Total Assets rose 14% from a year ago to \$636,939,000 as of quarter end. The Bank's most recent stock valuation as of March 31, 2020 was \$39.00 per share, a 20% decline from year end. This was not unexpected in today's COVID-19 market and far better than the SNL Bank Index which was down 40%.

Our First National Bank of Michigan Employee Heroes continue to support our customers during the COVID-19 crisis. Sixty-five percent of FNBM employees are working remotely. The implementation of our Business Continuity Plan worked well and our customers continue to be top priority. Employees from every department were involved in the SBA's Paycheck Protection Program (PPP) application process closing over 560 PPP loans totaling over \$120 million, securing funds for 99% of our applicants. Because of the hard work and dedication of our employees, we were able to assist business owners and nonprofits in every one of our markets. The opening of our new Lansing branch is postponed until early in the third quarter. As a bank, we remain committed to each of our markets and are proud to have recently provided a charitable donation to a food bank in each of the communities we serve.

On behalf of the First National Bank of Michigan team, we thank you for your continued loyalty.

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	03/31/20	03/31/19
Cash & Due from Banks	\$88,666	\$30,942
Investments	48,698	54,840
Loans		
Commercial Loans	455,419	428,801
Residential Mortgage Loans	27,677	32,695
Consumer & other loans	1,530	1,650
Gross Loans	484,627	463,146
Allowance for loan losses	(7,443)	(6,063)
Net Loans	477,185	457,082
Fixed Assets	6,326	3,477
Other Assets	16,064	11,921
Total Assets	\$636,939	\$558,262

Liabilities & Shareholders' Equity

Demand Deposits	\$197,157	\$201,176
Savings Deposits	161,120	126,741
Time Deposits	142,664	124,848
Borrowings	73,775	48,000
Other Liabilities	1,610	1,073
Total Liabilities	576,325	501,837
Capital		
Common Stock	19,029	21,088
Retained Earnings	40,768	33,989
YTD net income	1,146	1,565
Unrealized Gain (loss) on Secs	(330)	(218)
Total Capital	60,613	56,424
Total Liabilities & Shareholders Equity	\$636,939	\$558,262

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 03/31/20	For the 3 months ended 03/31/19
Interest Income		
Loans	\$5,773	\$5,740
Loan Fees	293	114
Investment	253	300
Fed Funds & Due from Banks	184	148
Total Interest Income	6,503	6,302
Interest Expense		
Deposits	925	1,086
Borrowings	343	265
Total Interest Expense	1,268	1,351
Provision For Loan Losses	784	196
Net Int. Income after Prov.	4,451	4,755
Non-Interest Income		
Fees and Services Charges	71	66
Gains on Mortgages Sold	12	1
Investment Referral Fees	26	38
Other Fees and Income	175	150
Total Non-Interest Income	283	255
Non-Interest Expense		
Employee Compensation	2,090	1,959
Occupancy Expense	293	262
Advertising Expense	89	89
Equipment Expense	113	93
Outside Services	219	180
Other General Expense	554	559
Total Non-Interest Expenses	3,357	3,142
Net Income before Taxes	1,378	1,867
Federal Income Taxes	231	302
Net Income	\$1,146	\$1,565
Earnings Per Share	\$.56	\$.76
Return on Average Assets	.75%	1.12%
Return on Average Equity	7.55%	11.44%

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

● Rectangular Snip

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



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

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

Dave Koster
VP, 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 Vervaras
VP, Branch Manager

Kevin Waldie
VP, Compliance Manager

Jennifer Warning
AVP, Credit Manager