



Quarterly Report
March 31, 2021

Kalamazoo
Portage
Grand Rapids
Holland
Lansing
Traverse City (LPO)

Together, We are First.

Dear Shareholder:

First National Bancorp, Inc., the parent company of First National Bank of Michigan (“FNBM”) recently celebrated 15 years of being in business! We opened our doors in April 2006 with 10 employees in one location and today we have 78 full time, and 12 part-time employees in seven Michigan locations. Thank you to our shareholders, customers, and employees for helping us achieve this milestone.

At our Annual Shareholder’s meeting we announced our current stock price at \$45.50 as of March 31, 2021. FNBM’s total assets were \$824 million as of March 31, 2021, up 7.4% from December 31, 2020. Our loan portfolio grew by \$56 million, an increase of 10% largely driven by \$70 million in Paycheck Protection Program (“PPP”) round 2 loans in support of our community, businesses, and non-profit organizations and \$31 million in core loan growth during the quarter. As of 3/31/2021, year to date Net Income of \$1.8 million is 58% above last year’s Net Income of \$1.1 million. We added \$540,000 to the Loan Loss Reserve compared to last year’s provision of \$784,000 for future potential credit losses. Our first quarter Net Income before Income Tax Expense and Loan Loss Provision Expense, also known as Pre-Tax Pre-Provision (“PTPP”) grew by 28% for 2021 to \$2.8 million from \$2.2 million for 2020.

An important focus for our Bank has been and will continue to be ensuring we provide an inclusive and equitable environment for all individuals always! We recognize Diversity, Equity, and Inclusion is not a one-time action. The First National Bank of Michigan Diversity, Equity and Inclusion committee under the Leadership of DEI Officer, Al Hoffman, partnered with the Grand Rapids Chamber of Commerce and performed a detailed assessment of our DEI activities, helping us determine areas of focus going forward, including in-depth, on-going training.

During the first quarter of 2021, our employees volunteered with various organizations and our bank continued to provide charitable funding and sponsorship dollars to support nonprofit organizations in each of our markets.

We recently hired Mike Hollander as Senior Vice President and Grand Rapids Market President. Mike has nearly 20 years of commercial banking experience and is highly regarded by customers and community members and will position us for continued growth in the Grand Rapids market.

Thank you for your loyalty and continued support of FNBM. Your questions and comments are always welcome, and your referrals are what help us grow and expand our business; we greatly appreciate them and hope you will consider making a referral to a First National Bank of Michigan employee.

Together, we are First.
Sincerely,



Daniel E. Bitzer
President & CEO



Larry D. Lueth
Chairman of the Board

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

Assets	03/31/2021	03/31/2020
Cash & Due from Banks	\$37,438	\$88,666
Investments	173,463	48,698
Loans		
Commercial Loans	584,499	455,419
Residential Mortgage Loans	22,805	27,677
Consumer & other loans	(2,049)	1,530
Gross Loans	605,255	484,627
Allowance for loan losses	(9,164)	(7,443)
Net Loans	596,092	477,185
Fixed Assets	6,568	6,326
Other Assets	17,171	16,064
Total Assets	<u>\$830,732</u>	<u>\$636,939</u>

Liabilities & Shareholders' Equity

Demand Deposits	\$336,154	\$197,157
Savings Deposits	191,462	161,120
Time Deposits	156,579	142,664
Borrowings	73,700	73,775
Other Liabilities	5,563	1,610
Total Liabilities	<u>763,459</u>	<u>576,325</u>
Capital		
Common Stock	18,769	19,029
Retained Earnings	46,769	40,768
YTD net income	1,808	1,146
Unrealized Gain (loss) on Securities	(73)	(330)
Total Capital	<u>67,273</u>	<u>60,613</u>
Total Liabilities & Shareholders Equity	<u>\$830,732</u>	<u>\$636,939</u>

Our Locations:

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 W. 8th St., Holland

517.319.8000 | 101 S. Washington Sq., Lansing

Northern Michigan LPO

CONSOLIDATED INCOME STATEMENT (Unaudited) (in '000's)

	For the 3 months ended 03/31/2021	For the 3 months ended 03/31/2020
Interest Income		
Loans	\$5,201	\$5,773
Loan Fees	1,554	293
Investment	364	253
Fed Funds & Due from Banks	18	184
Total Interest Income	<u>7,136</u>	<u>6,503</u>
Interest Expense		
Deposits	542	925
Borrowings	303	343
Total Interest Expense	<u>845</u>	<u>1,268</u>
Provision For Loan Losses	<u>540</u>	<u>784</u>
Net Int. Income after Prov.	5,752	4,451
Non-Interest Income		
Fees and Services Charges	71	71
Gains on Mortgages Sold	14	12
Investment Referral Fees	26	26
Other Fees and Income	184	175
Total Non-Interest Income	<u>295</u>	<u>283</u>
Non-Interest Expense		
Employee Compensation	2,442	2,090
Occupancy Expense	354	293
Advertising Expense	105	89
Equipment Expense	167	113
Outside Services	227	219
Other General Expense	530	554
Total Non-Interest Expenses	<u>3,824</u>	<u>3,357</u>
Net Income before Taxes	2,222	1,378
Federal Income Taxes	414	231
Net Income	\$1,808	\$1,146
Earnings Per Share	\$0.89	\$0.56
Return on Average Assets	0.88%	0.75%
Return on Average Equity	10.91%	7.55%

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 - Executive Vice President, Chief Operating Officer

Matt Morgan - Senior Vice President, Chief Financial Officer

Steve Piper - Executive Vice President, Chief Credit Officer



Officers

Greg Accardo
Market President, Holland

Patty Barnas
Market President, Lansing

Brian Clark
Branch Manager, Woodbridge

Nick Conley
Commercial Banker

Sam Drelles
Commercial Banker

Sue Edwards
Private Banker

Paige Gardner
Credit Analyst

Cheryl Germain
Controller

Andrea Goodin
Compliance Specialist

Al Hoffman
Human Resources, Security &
Training Manager, Diversity,
Equity & Inclusion Officer

Mike Hollander
Market President, Grand
Rapids

Michelle Hoopman
Branch Assistant, Grand
Rapids

Dustin Hopkins
Commercial Banker

Rick Jackson
Commercial Banker

Melody Janetzke
Branch Administration
Specialist

David Kistler
Commercial Banker

Marcus Kole
Commercial Banker

Dave Koster
Commercial Banker

Cynthia Lamirande
Branch Manager, Holland

Deb Lang
Marketing Manager

Nicole Lowczyk
Treasury Management
Specialist

Joe Ludy
Branch Manager, West Main

Chris Mars
Commercial Banker

Jennifer Marsh
Commercial Banker

Kim Melvin
Private Banker

Brian Mick
Commercial Banker

Tamara Milobinski, CTP
Commercial Banker

Sara Mottl
Loan Operations Specialist

Jennifer Nemecek, CTP
Treasury Management & Deposit
Operations Manager

Emily Newman
Loan Operations Manager

Shaunna Padgett
Strategic & Operating Manager

Nickie Peters
Facilities Manager

Jesse Prins
Commercial Banker

Darcy Ranfeld
Branch Assistant, Westside

Kathy Reenders
Branch Assistant, Woodbridge

Beth Rowley
Deposit Operations Specialist

Josh Schultz
Commercial Banker

Charles Slauer
Commercial Banker

Melanie Squires
Treasury Management Officer,
Branch Manager, Lansing

Gary Stock
IT Specialist

Amy Vervaras
Branch Manager, Grand Rapids

Ryan Wagner
Branch Manager, Downtown
Kalamazoo

Kevin Waldie
Compliance Manager

Jennifer Warning
Credit Manager

Henry Ziolkowski
Consumer Credit Underwriter