

Board of Directors

Larry Lueth - Chairman
Daniel Bitzer - Director
Eric Brown - Director
Joseph Calvaruso - Director
James DeKruyter - Director
James DeMoss - Director
John M. Dunn - Director Emeritus
David G. Echelbarger - Director
David Holmes - Director
Ben Ipema - Director
Bill Manns - Director
Edward Montgomery - Director
Sondra Phillips - Director
John M. Schreuder - Chairman Emeritus
Virginia Seyferth - Director
Joshua Weiner - Director

Executive Team

Dan Bitzer - President & CEO
Jefra Groendyk - Executive Vice President & Senior Lender
Cindy Kole - Executive Vice President & Chief Operating Officer
Matt Morgan - Senior Vice President & Chief Financial Officer, Chief Technology Officer, Secretary & Treasurer
Steve Piper - Executive Vice President & Chief Credit Officer

Officers

Greg Accardo Market President, Holland	Joe Ludy Branch Manager, West Main
Kelsey Bailey Branch Manager, Downtown Kalamazoo	Chris Mars Kalamazoo Commercial Banking Group Manager
Patty Barnas Market President, Lansing	Jennifer Marsh Commercial Banker
Brian Clark Branch Manager, Woodbridge	Kim Melvin Private Banker
Nick Conley Commercial Banker	Brian Mick Commercial Banker
Sam Drelles Commercial Banker	Dan Montes Commercial Banker
Paige Gardner Credit Analyst	Sara Mottl Loan Operations Specialist
Cheryl Germain Controller	Jennifer Nemecek, CTP Treasury Management & Deposit Operations Manager
Al Hoffman Human Resources, Security, Training and Diversity, Equity & Inclusion Manager	Emily Newman Loan Operations Manager
Mike Hollander Market President, Grand Rapids	Shaunna Padgett Chief Administrative Officer
Michelle Hoopman Branch Assistant, Grand Rapids	Nickie Peters Facilities Manager
Dustin Hopkins Commercial Banker	Jesse Prins Commercial Banker
Rick Jackson Commercial Banker	Beth Rowley Deposit Operations Specialist
Melody Janetzke Branch Administration Specialist	Josh Schultz Commercial Banker
David Kistler Commercial Banker	Charles Slauer Commercial Banker
Marcus Kole Commercial Banker	Melanie Squires Treasury Management & Branch Manager, Lansing
Lisa Kosak Branch Manager, Holland	Amy Ververas Branch Manager, Grand Rapids
Dave Koster Commercial Banker	Kevin Waldie Compliance Manager
Deb Lang Marketing Manager	Jennifer Warning Credit Manager
Nicole Lowczyk Treasury Management Specialist	Ashley Winn Treasury Management Specialist
	Henry Ziolkowski Consumer Credit Underwriter



Quarterly Report
September 30, 2022

Kalamazoo
Portage
Grand Rapids Holland
Lansing
Traverse City (Loan Production Office)

Together, We are First.



Dear Shareholder:

Thank you for your continued relationship with First National Bank of Michigan “FNBM”, your LOCAL community bank.

FNBM’s total assets were \$944.5 million as of September 30, 2022, up 2.9% from June 30, 2022. As of September 30, 2022, year to date Net Income of \$5.5 million is 7.1% below last year’s Net Income of \$5.9 million with Paycheck Protection Program “PPP” fee income decreasing \$2.9 million. PPP loans have reduced from \$55,273,000 to \$381,000 year over year. Thus far in 2022, we added \$1.5 million to the Loan Loss Reserve compared to last year’s provision of \$1.4 million for future potential credit losses. Our first 9 months of Net Income before Income Tax Expense and Loan Loss Provision Expense, also known as Pre-Tax Pre-Provision (“PTPP”), decreased by 7.4% for 2022 to \$7.9 million from \$8.6 million for 2021. However, net of PPP income, our first 9 months core Pre-Tax Pre-Provision earnings grew 64% to \$7.5 million from \$4.6 million in 2021.

We recently began the process of upgrading our processing systems. We appreciate our customers patience and loyalty while we work through some issues related to the upgrade. During this time, FNBM employees have all worked hard to continue to provide the excellent customer service we have established.

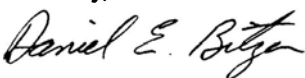
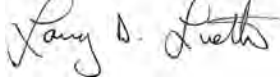
The Office of the Comptroller of Currency (“OCC”) recently completed a successful Safety and Soundness Examination for the period ending June 30, 2022. The satisfactory results of the Examination will be presented to our Board of Directors by the OCC at our December 8, 2022 Board Meeting.

“While banks are generally performing well and credit remains strong, the theme continues in that the fear of a recession and economic uncertainty is continuing to pressure bank stock values. During the third quarter of 2022, the NASDAQ Bank Index was down another 4% and the year-to-date index is down 21%. FNB continues to outperform the industry in terms of loan growth and margin expansion while maintaining strong capital, reserves, and asset quality. However, due to the uncertainty with financial markets, our stock value was held at \$53.50 per share as of September 30, 2022. This value was determined by Hovde Group whose appraiser was formerly with ProBank Austin. The Hovde Group is a leading financial advisory firm that provides a full-service suite of investment banking, capital markets, and financial advisory services focused exclusively on the banking and thrift industry”

We appreciate that you have chosen and continue to place confidence in our Bank; your questions, comments and referrals are appreciated. Our success as a local community bank continues because of the loyalty and support of our customers and employees.

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	09/30/2022	09/30/2021
Cash & Due from Banks	\$44,995	\$76,119
Investments	276,653	189,864
Loans		
Commercial Loans	575,260	516,975
PPP Loans	381	55,273
Residential Mortgage Loans	22,679	21,656
Consumer & other loans	700	869
Gross Loans	599,019	594,773
Allowance for loan losses	(11,981)	(10,022)
Net Loans	587,039	584,752
Fixed Assets	10,106	6,287
Other Assets	25,711	20,101
Total Assets	\$944,503	\$877,121

Liabilities & Shareholders' Equity

Demand Deposits	\$450,980	\$367,952
Savings Deposits	264,733	219,117
Time Deposits	128,739	140,306
Borrowings	31,400	73,100
Other Liabilities	8,046	4,888
Total Liabilities	883,899	805,363
Capital		
Common Stock	17,534	18,836
Retained Earnings	54,800	46,769
YTD net income	5,488	5,910
Unrealized Gain (loss) on Securities	(17,218)	244
Total Capital	60,604	71,758
Total Liabilities & Shareholders Equity	\$944,503	\$877,121

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 Loan Production Office

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

	For the 9 months ended 09/30/2022	For the 9 months ended 09/30/2021
Interest Income		
Loans	\$18,014	\$16,238
Loan Fees	1,527	3,933
Investments	2,555	1,262
Fed Funds & Due from Banks	321	33
Total Interest Income	22,418	21,466
Interest Expense		
Deposits	1,306	1,371
Borrowings	828	937
Total Interest Expense	2,134	2,308
Provision For Loan Losses	1,456	1,395
Net Int. Income after Prov.	18,829	17,764
Non-Interest Income		
Fees and Services Charges	263	236
Gains on Mortgages Sold	17	32
Investment Referral Fees	76	81
Other Fees and Income	622	613
Total Non-Interest Income	979	962
Non-Interest Expense		
Employee Compensation	8,418	7,276
Occupancy Expense	1,124	1,084
Advertising Expense	382	306
Equipment Expense	386	542
Outside Services	913	654
Other General Expense	2,106	1,694
Total Non-Interest Expenses	13,329	11,555
Net Income before Taxes Federal Income	6,478	7,171
Taxes	990	1,261
Net Income	\$5,488	\$5,910
Pre Tax Pre Provision	\$7,934	\$8,566
Earnings Per Share	\$2.72	\$2.92
Return on Average Assets	0.79%	0.96%
Return on Average Equity	11.09%	11.48%