

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



fnbmichigan.bank



Officers

Greg Accardo
Market President, Holland

Louise Almeida
BSA Compliance Specialist

Kelsey Bailey
Branch Manager, Downtown
Kalamazoo

Patty Barnas
Market President, Lansing

Brian Clark
Branch Manager, Woodbridge

Nick Conley
Commercial Banker

Sam Drelles
Commercial Banker

Paige Gardner
Credit Analyst

Cheryl Germain
Controller

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

Mike Hollander
Market President, Grand
Rapids

Dustin Hopkins
Commercial Banker

Rick Jackson
Commercial Banker

Melody Janetzke
Branch Administration
Specialist

David Kistler
Commercial Banker

Marcus Kole
Commercial Banker

Lisa Kosak
Branch Manager, Holland

Dave Koster
Commercial Banker

Deb Lang
Marketing Manager

Nicole Lowczyk
Treasury Management
Specialist

Joe Ludy
Branch Manager, West Main

Chris Mars
Kalamazoo Commercial Banking
Group Manager

Jennifer Marsh
Commercial Banker

Kim Melvin
Private Banker

Brian Mick
Commercial Banker

Dan Montes
Commercial Banker

Sara Mottl
Loan Operations Specialist

Jennifer Nemecek, CTP
Treasury Management & Deposit
Operations Manager

Emily Newman
Loan Operations Manager

Shaunna Padgett
Chief Administrative Officer

Nickie Peters
Facilities Manager

Jesse Prins
Commercial Banker

Beth Rowley
Deposit Operations Specialist

Josh Schultz
Commercial Banker

Charles Slauer
Commercial Banker

Melanie Squires
Treasury Management & Branch
Manager, Lansing

Amy Vervaras
Branch Manager, Grand Rapids

Kevin Waldie
Compliance Manager

Jennifer Warning
Credit Manager

Ashley Winn
Treasury Management Specialist

Henry Ziolkowski
Consumer Credit Underwriter



Quarterly Report
December 31, 2022

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

Together, We are First.

Dear Shareholder:

Thank you for your continued investment in First National Bank of Michigan "FNBM", your LOCAL community bank.

FNBM's total assets were \$939.2 million as of December 31, 2022, up 5.5% from December 31, 2021. As of December 31, 2022, Net Income of \$7.3 million is 8.7% below last year's Net Income of \$8.0 million with Paycheck Protection Program "PPP" fee income decreasing \$4.2 million. PPP loans have reduced from \$15,156,000 to \$350,000 year over year. In 2022, we added \$2.1 million to the Loan Loss Reserve compared to last year's provision of \$1.9 million for future potential credit losses, inflation, and the unknown 2023 economic climate. Our 12 months of Net Income before Income Tax Expense and Loan Loss Provision Expense, also known as Pre-Tax Pre-Provision ("PTPP"), decreased by 6.1% for 2022 to \$10.8 million from \$11.5 million for 2021. However, net of PPP income, our 12 months of core Pre-Tax Pre-Provision earnings grew 72% to \$10.3 million from \$6.0 million in 2021.

2022 was an interesting and busy year for First National Bank of Michigan. The Bank instituted several technological changes as well as the introduction of a new website. The new site has enhanced features like real-time interest rates and tutorial videos for bank products. The Bank domain was updated from .com to .bank for added security, new mobile apps were created for personal and business customers, and a new core banking system was implemented. We appreciate the patience of our customers while these changes were completed. Our goal, as always, is to provide the best banking products and services to our customers.

"Economic uncertainty, recession fears and unprecedented rate increases by the Federal Reserve made 2022 a very volatile year for bank stocks. During 2022, the NASDAQ Bank Index was down 18.4% and nearly 70% of all publicly traded bank stocks declined during 2022. However, FNBM navigated the year well led by strong loan growth and increased net interest margins. As a result, the value of FNBM was independently determined to be \$54.00 per share as of December 31, 2022. This represents a 4.9% increase over the December 31, 2021 value of \$51.50 per share", said Richard (Rick) F. Maroney Jr., Managing Director, Hovde Group.

At any time, if you are interested in purchasing or selling FNBM stock, please contact Linda Massura at LCMassura@fnbmichigan.bank.

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	12/31/2022	12/31/2021
Cash & Due from Banks	\$21,723	\$86,158
Investments	265,535	222,616
Loans		
Commercial Loans	605,011	528,851
PPP Loans	350	15,156
Residential Mortgage Loans	22,564	21,339
Consumer & other loans	774	951
Gross Loans	628,700	566,297
Allowance for loan losses	(12,603)	(10,524)
Net Loans	616,096	555,773
Fixed Assets	6,319	6,245
Other Assets	29,573	19,805
Total Assets	\$939,247	\$890,597

Liabilities & Shareholders' Equity

Demand Deposits	\$438,716	\$397,233
Savings Deposits	217,094	221,199
Time Deposits	130,486	122,821
Borrowings	81,850	73,275
Other Liabilities	8,486	3,901
Total Liabilities	876,632	818,429
Capital		
Common Stock	17,140	18,767
Retained Earnings	54,800	46,769
YTD net income	7,335	8,031
Unrealized Gain (loss) on Securities	(16,660)	(1,399)
Total Capital	62,615	72,168
Total Liabilities & Shareholders Equity	\$939,247	\$890,597

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 12 months ended 12/31/2022	For the 12 months ended 12/31/2021
Interest Income		
Loans	\$25,589	\$21,863
Payroll Protection Program (PPP) Loan Fees	430	4,669
Other Loan Fees	1,521	1,081
Investments	3,530	1,803
Fed Funds & Due from Banks	460	63
Total Interest Income	31,531	29,479
Interest Expense		
Deposits	2,430	1,867
Borrowings	1,368	1,249
Total Interest Expense	3,798	3,116
Provision For Loan Losses	2,078	1,896
Net Int. Income after Prov.	25,655	24,467
Non-Interest Income		
Fees and Services Charges	319	322
Gains on Mortgages Sold	17	42
Investment Referral Fees	98	109
Other Fees and Income	790	792
Total Non-Interest Income	1,225	1,265
Non-Interest Expense		
Employee Compensation	11,251	9,850
Occupancy Expense	1,554	1,450
Advertising Expense	642	654
Equipment Expense	524	768
Outside Services	1,284	933
Other General Expense	2,944	2,516
Total Non-Interest Expenses	18,198	16,170
Net Income before Taxes	8,682	9,561
Federal Income Taxes	1,347	1,530
Net Income	\$7,335	\$8,031
Pre Tax Pre Provision	\$10,760	\$11,457
Earnings Per Share	\$3.65	\$3.97
Return on Average Assets	0.79%	0.95%
Return on Average Equity	11.31%	11.54%