

FNBM Branch Locations



Grand Rapids
141 Ionia Ave. N.W.
Grand Rapids, MI 49503



Holland
1 West 8th St.
Holland, MI 49423



Kalamazoo
348 W. Michigan Ave.
Kalamazoo, MI 49007



Kalamazoo West
5313 W. Main St.
Kalamazoo, MI 49009



Lansing
101 S. Washington Square
Lansing, MI 48933



Portage
2700 W. Centre Ave.
Portage, MI 49024

Executive Team

Daniel E. Bitzer
President &
Chief Executive Officer

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

Steve Piper
Executive Vice President &
Chief Credit Officer

Board of Directors

Larry D. Lueth
Chairman

John M. Schreuder
Chairman Emeritus

Daniel E. Bitzer
Director

Eric V. Brown, Jr.
Director

Joseph Calvaruso
Director

James DeKruyter
Director

James S. DeMoss
Director

David G. Echelbarger
Director

David L. Holmes
Director

Ben Ipema
Director

Bill Manns
Director

Edward B. Montgomery
Director

Sondra K. Phillips
Director

Virginia M. Seyferth
Director

Joshua T. Weiner
Director

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
Senior Portfolio Manager

Sam Drelles
Commercial Banker

Paige Gardner
Credit Analyst

Cheryl Germain
Controller

Al Hoffman
Human Resources, Security,
Training & 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

David 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
March 2023

fnbmichigan.bank
Local Commercial and Personal Banking

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



Letter To Our Shareholders

Thank you for your continued investment in First National Bank of Michigan (FNBM), your local community bank.

FNBM's total assets were \$952.0 million as of March 31, 2023, up 3.7% from March 31, 2022. As of March 31, 2023, year to date Net Income of \$1.22 million is 24.9% below previous year's Net Income of \$1.63 million with Paycheck Protection Program "PPP" fee income decreasing \$0.39 million. PPP loans have reduced from \$2,401,000 to \$319,000 year over year. Thus far in 2023, we added \$592,000 to the Loan Loss Reserve compared to last year's provision of \$468,000 for future potential credit losses, inflation, and the unknown economic climate. Our 3 months of Net Income before Income Tax Expense and Loan Loss Provision Expense, also known as Pre-Tax Pre-Provision ("PTPP"), decreased by 14.4% for the first three months of 2023 to \$2.03 million from \$2.37 million for 2022. Net of PPP income, our first 3 months of core Pre-Tax Pre-Provision earnings grew 3% to \$2.03 million from \$1.97 million in 2022.

As a community bank, First National Bank of Michigan remains well capitalized with good liquidity and a short-duration bond portfolio and is well positioned to continue to serve our customers and community. FNBM customers have access to our experienced team, and we stand ready to assist you at all times with any of your banking needs.

"As mentioned in prior letters, economic uncertainty, recession fears and unprecedented rate increases by the Federal Reserve have made it a very challenging environment for bank stocks. To make matters worse, three of the largest bank failures in history have occurred in 2023. Combined Silicon Valley Bank, Signature Bank (NY) and First Republic had assets of more than \$500 billion. These failures have added further pressure to bank stocks with the NASDAQ Bank Index down 25% year to date through May 5 and the KRE Regional Bank Index down 35% during the same period.

These events have also resulted in increased pressure on our funding costs which will have a short-term negative impact to our net interest margin. Despite continued strong profitability, capital and asset quality, FNBM is not immune to market downturns. As a result, the value of FNBM was independently determined to be \$45.00 per share as of March 31, 2023, a decrease of 16.7% from the December 31, 2022, value of \$54.00 per share." - Rick Maroney, Senior Managing Director, Hovde Group.

At any time, if you are interested in purchasing or selling FNBM stock, please contact Matt Morgan, CFO at 269-488-8880 or mjmorgan@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	03/31/2023	03/31/2022
Cash & due from banks	\$12,836	\$15,608
Investments	\$245,864	\$321,787
Loans		
Commercial loans	\$636,123	\$540,867
Residential mortgage loans	\$23,680	\$22,102
Consumer & other loans	\$828	\$651
Gross loans	\$660,630	\$563,620
Allowance for loan losses	(\$12,150)	(\$10,993)
Net loans	\$648,480	\$552,627
Fixed assets	\$6,417	\$6,136
Other assets	\$29,394	\$26,598
Total assets	\$951,991	\$922,757
Liabilities & Shareholders' Equity	03/31/2023	03/31/2022
Demand deposits	\$375,071	\$393,306
Savings deposits	\$218,533	\$278,682
Time deposits	\$168,422	\$120,562
Borrowings	\$117,750	\$56,797
Other liabilities	\$6,786	\$6,873
Total liabilities	\$886,563	\$856,220
Capital		
Common stock	\$16,496	\$18,850
Undivided Profits	\$62,961	\$54,800
YTD net income	\$1,220	\$1,625
Unrealized gain(loss) on sec.	(\$15,247)	(\$8,737)
Total capital	\$65,429	\$66,537
Total liabilities & shareholders equity	\$951,991	\$922,757

Consolidated Income Statement (Unaudited) (in '000's)

	For the 3 months ended 03/31/2023	For the 3 months ended 03/31/2022
Interest income		
Loans	\$8,243	\$5,508
Loan fees	\$222	\$650
Investments	\$1,014	\$718
Fed funds & due from banks	\$127	\$30
Total interest income	\$9,606	\$6,907
Interest expense		
Deposits	\$2,077	\$331
Borrowings	\$1,036	\$388
Total interest expense	\$3,113	\$718
Provision for loan losses	\$592	\$468
Net int. income after prov.	\$5,901	\$5,721
Non-interest income		
Fees and services charges	\$89	\$84
Gains on mortgages sold	-	\$12
Investment referral fees	\$24	\$28
Other fees and income	\$179	\$222
Total non-interest income	\$292	\$347
Non-interest expense		
Employee compensation	\$3,007	\$2,682
Occupancy expense	\$396	\$349
Advertising expense	\$135	\$101
Equipment expense	\$135	\$101
Outside services	\$333	\$307
Other general expense	\$754	\$631
Total non-interest expenses	\$4,760	\$4,170
Net income before taxes	\$1,433	\$1,897
Federal income taxes	\$213	\$272
Net income	\$1,220	\$1,625
Earnings per share	\$0.61	\$0.80
Return on average assets	0.52%	0.71%
Return on average equity	7.69%	9.32