



Quarterly Report

June 2024

Letter To Our Shareholders

Dear Shareholders,

On behalf of First National Bank of Michigan (FNB), we appreciate your continued investment in our Bank. We are pleased to report the positive financial performance of FNB for the second quarter ending June 30, 2024. For the first six months of 2024, FNB reported a net income of \$3.0 million, an increase of \$0.9 million, or 42.3%, from the \$2.1 million earned during the same period in 2023.

This significant growth is predominantly driven by a decrease in the provision for credit losses by \$1.9 million, underscoring our robust asset quality and the maturation of our loan portfolio into stabilized, lower-risk credits. Additionally, our strategic focus on diversified revenue streams resulted in a 37.9% increase in non-interest income, amounting to an additional \$0.3 million. Through successful management of operational costs, we achieved a 7.1% reduction in non-interest expenses, translating to savings of \$0.7 million. However, these gains were partially offset by a decrease in net interest income by \$1.6 million, or 13.4%, due to the continued competitive deposit rate environment.

Despite this, we are pleased to report a notable 10.2% growth in our loan portfolio as of June 30, 2024, compared to the previous year, reflecting our ongoing expansion and the trust our clients place in us. This performance highlights our commitment to delivering strong financial results and underscores the resilience and effectiveness of our strategic initiatives. We remain committed to delivering exceptional value to our shareholders and stakeholders, and we look forward to building on this success in the quarters to come.

Community banks offer numerous benefits, particularly in times of crisis. A good example is the recent Global IT outage. At FNB, we actively sought out our customers to help keep their businesses moving, demonstrating our commitment to personalized service. Our customer and shareholder investments create a foundation for exceptional service to the local small business community, ensuring their needs are met with care and dedication. Our purpose and high-touch quality service stand out in the greater world of finance, proving that personalized banking still has a vital place in today's economy.

During the second quarter of 2024, the Company continued to improve profitability and is reflected in a slight increase in the value of FNB stock as of June 30, 2024 to \$42.00 per share. This represents a 2.4% increase in stock value in the second quarter and year to date. By comparison, in the second quarter of 2024, the NASDAQ Bank Index and KRE Regional Bank Index declined by 1.0% and 2.3%, respectively. Also, year to date as of June 30, 2024, the NASDAQ Bank Index and KRE Regional Bank Index had declined by 1.4% and 6.4%, respectively.

We remain committed to transparency and accessibility. Should you have any inquiries regarding FNB stock, purchasing, or selling, please do not hesitate to contact Stena Buck, at 269-488-8858 or via email at sjbuck@fnbmichigan.bank.

In closing, we extend our sincere appreciation for your continued trust and confidence in FNB. Together, we embark on this journey of growth, innovation, and community impact.

Sincerely,



Daniel E. Bitzer
President & CEO

Larry D. Lueth
Chairman of the Board

Together, We are First.

Consolidated Balance Sheet (Unaudited) (in '000's)

Assets	06/30/2024	06/30/2023
Cash & due from banks	\$10,605	\$42,707
Investments	\$202,242	\$242,836
Loans		
Commercial loans	\$713,323	\$647,238
Residential mortgage loans	\$26,222	\$23,782
Consumer & other loans	\$485	\$628
Gross loans	\$740,029	\$671,648
Allowances for credit losses	(\$11,246)	(\$12,488)
Net loans	\$728,782	\$659,160
Fixed assets	\$6,091	\$6,480
Other assets	\$29,806	\$29,612
Total assets	\$977,527	\$980,796
Liabilities & Shareholders' Equity	06/30/2024	06/30/2023
Demand deposits	\$315,332	\$336,632
Savings deposits	\$174,911	\$233,386
Time deposits	\$263,642	\$194,364
Borrowings	\$140,450	\$143,200
Other liabilities	\$8,251	\$8,022
Total liabilities	\$902,587	\$915,604
Capital		
Common stock	\$16,013	\$16,197
Undivided profits	\$67,171	\$62,961
YTD net income	\$3,047	\$2,141
Unrealized gain(loss) on sec.	(\$11,291)	(\$16,107)
Total capital	\$74,940	\$65,192
Total liabilities & shareholders equity	\$977,527	\$980,796

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

	For the 6 months ended 06/30/2024	For the 6 months ended 06/30/2023
Interest income		
Loans	\$20,736	\$16,964
Loan fees	\$474	\$545
Investments	\$1,758	\$1,984
Fed funds & due from banks	\$642	\$396
Total interest income	\$23,610	\$19,890
Interest expense		
Deposits	\$10,253	\$5,306
Borrowings	\$2,725	\$2,303
Total interest expense	\$12,978	\$7,609
Provisions for credit losses	(\$974)	\$929
Net int. income after prov.	\$11,606	\$11,351
Non-interest income		
Fees and services charges	\$289	\$187
Mortgage Referral Fees	\$25	-
Investment referral fees	\$390	\$50
Other fees and income	\$360	\$535
Total non-interest income	\$1,064	\$772
Non-interest expense		
Employee compensation	\$5,620	\$5,966
Occupancy expense	\$739	\$783
Advertising expense	\$89	\$263
Equipment expense	\$263	\$275
Outside services	\$626	\$634
Other general expense	\$1,576	\$1,670
Total non-interest expenses	\$8,914	\$9,591
Net income before taxes	\$3,756	\$2,532
Federal income taxes	\$709	\$391
Net income	\$3,047	\$2,141
Earnings per share	\$1.54	\$1.08
Return on average assets	0.6%	0.5%
Return on average equity	8.5%	6.6%

Executive Team

Daniel E. Bitzer
President &
Chief Executive Officer

Jefra Groendyk
Executive Vice President &
Senior Lender

Shaunna Padgett
Senior Vice President &
Chief Operating Officer

Matt Morgan
Senior Vice President &
Chief Financial Officer

Rick Jackson
Senior 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 Emeritus

Joseph Calvaruso
Director

James DeKruyter
Director

James S. DeMoss
Director

David G. Echelbarger
Director

David L. Holmes
Director

Ben Ipema
Director

Bill Manns
Director

Rachel S. Michaud
Director

Edward B. Montgomery
Director

Sondra K. Phillips
Director

Ginny Seyferth
Director

Joshua T. Weiner
Director

Officers

Greg Accardo
Market President, Holland

Louise Almeida
BSA Compliance Specialist

Sara Amy
Residential Lender

Kelsey Bailey
Branch Administration Manager

Patty Barnas
Market President, Lansing

Jason Candelaria
Facilities & Equipment

Brian Clark
Branch Manager, Woodbridge

Nick Conley
Credit Manager

Sam Drelles
Commercial Banker

Eric French
Branch Manager, Downtown
Kalamazoo

Paige Gardner
Credit Analyst

Cheryl Germain
Controller

Jerry Hinga
Assistant Branch Manager

Mike Hollander
Market President, Grand Rapids

Dustin Hopkins
Commercial Banker

Melody Janetzke
Branch Administration Specialist

Marcus Kole
Commercial Banker

Lisa Kosak
Branch Manager, Holland

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

Kirstyn Monroe
Commercial Banker

Sara Mottl
Loan Operations Specialist

Emily Newman
Loan Operations Manager

Nickie Peters
Facilities Manager & Security
Officer

Jesse Prins
Commercial Banker

Laura Reyna
Human Resources, Training &
Diversity, Equity & Inclusion
Manager

Tonya Schmitt
Branch Assistant

Charles Slauer
Commercial Banker

Melanie Squires
Treasury Management
& Branch Manager, Lansing

Olivia Urwiller
Portfolio Manager

Amy Ververas
Branch Manager, Grand Rapids

Kevin Waldie
Compliance Manager &
Information Security Officer

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

fnbmichigan.bank
Local Commercial and Personal Banking

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



Member
FDIC