



Quarterly Report
September 2024

Letter To Our Shareholders

Dear Shareholders,

On behalf of First National Bank of Michigan (“FNBM”), we want to thank you for your continued investment and confidence in our Bank.

We are pleased to report strong financial performance for the third quarter ending September 30, 2024. For the first nine months of the year, FNBM achieved a net income of \$4.0 million, marking an increase of \$0.9 million, or 30%, from the \$3.1 million reported for the same period in 2023. This rise translates to an earnings per share increase of 31.2%, up to \$2.05 from \$1.57 per share in 2023.

This growth was largely driven by a \$1.8 million decrease in credit loss provisions, underscoring our strong asset quality and the stability of our maturing loan portfolio. Our strategic efforts to diversify revenue streams have also been effective, resulting in a 29.7% increase in non-interest income, adding \$0.3 million. By managing operational expenses prudently, we achieved an 8.3% reduction in non-interest expenses, totaling \$1.2 million in savings. However, these gains were partly offset by a \$2.1 million, or 11.4%, decrease in net interest income, attributed to a competitive deposit rate environment.

Despite these headwinds, we recorded a 7.2% growth in our loan portfolio as of September 30, 2024, compared to the prior year, accentuating our sustained growth and the trust our clients place in us. This performance reflects our focus on achieving strong financial results while reinforcing the resilience and effectiveness of our strategic initiatives. We remain committed to delivering exceptional value to you, our shareholders, and we are excited to build on this success.

As a community bank, FNBM is deeply engaged in the communities we serve. To date, our employees have volunteered over 1,050 hours of their time, actively participating on nonprofit boards and working with organizations such as United Way and Habitat for Humanity on impactful home improvement projects. Our team has also dedicated time to packaging food for children and food banks and volunteering in local schools with Junior Achievement associations across Mid and West Michigan. This commitment to giving back emphasizes our dedication to supporting and strengthening the communities in which we live and work.


FNBM’s net interest margin and profitability continued to improve during the third quarter of 2024, resulting in a slight increase in the Company’s stock value. As of September 30, 2024, FNBM stock was valued at \$43.00 per share, a 2.4% increase in the quarter and 4.9% year to date. By comparison, in the third quarter of 2024, the NASDAQ Bank Index and KRE Regional Bank Index increased by 12.3% and 15.3%, respectively. Year to date as of September 30, 2024, the NASDAQ Bank Index and KRE Regional Bank Index had increased by 10.7% and 8.0%, respectively.

We value transparency and accessibility. If you have questions about FNBM stock, buying, or selling, please contact Stena Buck at 269-488-8858 or via email at sjbuck@fnbmichigan.bank.

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	09/30/2024	09/30/2023
Cash & due from banks	\$16,069	\$29,257
Investments	\$195,039	\$229,846
Loans		
Commercial loans	\$712,373	\$665,815
Residential mortgage loans	\$27,042	\$23,464
Consumer & other loans	\$392	\$615
Gross loans	\$739,807	\$689,894
Allowances for credit losses	(\$11,614)	(\$12,781)
Net loans	\$728,193	\$677,113
Fixed assets	\$5,944	\$6,394
Other assets	\$27,146	\$30,672
Total assets	\$972,391	\$973,282
Liabilities & Shareholders' Equity	09/30/2024	09/30/2023
Demand deposits	\$312,528	\$342,336
Savings deposits	\$189,729	\$238,359
Time deposits	\$264,212	\$216,356
Borrowings	\$118,850	\$102,400
Other liabilities	\$7,807	\$8,703
Total liabilities	\$893,126	\$908,154
Capital		
Common stock	\$15,314	\$16,031
Undivided profits	\$67,171	\$62,961
YTD net income	\$4,042	\$3,099
Unrealized gain(loss) on sec.	(\$7,262)	(\$16,963)
Total capital	\$79,265	\$65,128
Total liabilities & shareholders equity	\$972,391	\$973,282

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

	For the 9 months ended 09/30/2024	For the 9 months ended 09/30/2023
Interest income		
Loans	\$31,632	\$26,169
Loan fees	\$723	\$1,030
Investments	\$2,606	\$2,912
Fed funds & due from banks	\$813	\$958
Total interest income	\$35,774	\$31,069
Interest expense		
Deposits	\$15,698	\$9,369
Borrowings	\$4,002	\$3,548
Total interest expense	\$19,700	\$12,917
Provisions for credit losses	(\$606)	\$1,222
Net int. income after prov.	\$16,680	\$16,930
Non-interest income		
Fees and services charges	\$437	\$295
Mortgage referral fees	\$38	\$9
Investment referral fees	\$390	\$67
Other fees and income	\$545	\$716
Total non-interest income	\$1,410	\$1,087
Non-interest expense		
Employee compensation	\$8,362	\$8,991
Occupancy expense	\$1,132	\$1,157
Advertising expense	\$122	\$380
Equipment expense	\$396	\$402
Outside services	\$952	\$910
Other general expense	\$2,174	\$2,492
Total non-interest expenses	\$13,138	\$14,332
Net income before taxes	\$4,952	\$3,685
Federal income taxes	\$910	\$586
Net income	\$4,042	\$3,099
Pre Tax Pre Provision Net Income	\$4,346	\$4,907
Earnings per share	\$2.05	\$1.57
Return on average assets	0.5%	0.4%
Return on average equity	7.3%	6.3%

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
Compliance & Risk Specialist

Sara Amy
Residential Lending

Kelsey Bailey
Branch Administration Manager

Patty Barnas
Market President, Lansing

Jason Candelaria
Facilities & Equipment
Support Specialist

Brian Clark
Commercial Relationship
Manager

Nick Conley
Credit Manager

Sam Drelles
Commercial Relationship
Manager

Eric French
Branch Manager, Portage

Paige Gardner
Credit Analyst

Cheryl Germain
Controller

David Gibbs
Branch Manager,
DT Kalamazoo

Jerry Hinga
Assistant Branch Manager,
Portage

Tim Hoekstra
Commercial Relationship
Manager

Mike Hollander
Market President, Grand Rapids

Dustin Hopkins
Commercial Relationship
Manager

Melody Janetzke
Branch Administration Specialist

Marcus Kole
Commercial Relationship
Manager

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 Relationship
Manager

Kim Melvin
Private Banker

Brian Mick
Commercial Relationship
Manager

Kirstyn Monroe
Commercial Relationship
Manager

Sara Mottl
Loan Operations Team Lead

Emily Newman
Loan Operations Manager

Nickie Peters
Facilities Manager & Security
Officer

Jesse Prins
Commercial Relationship
Manager

Laura Reyna
Human Resources, Training & DEI
Manager

Tonya Schmitt
Treasury Management Support
Specialist

Charles Slauer
Commercial Relationship
Manager

Melanie Squires
Treasury Management
& Branch Manager, Lansing

Olivia Urwiller
Portfolio Manager

Amy Vervaras
Branch Manager, Grand Rapids

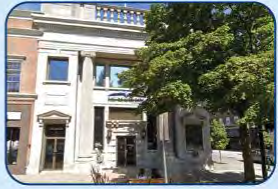
Kevin Waldie
Compliance & Risk Manager

Chris Williams
Treasury Management
Relationship Manager

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