

# Firstbank CORPORATION



Annual Meeting of Shareholders  
April 27, 2009

# Forward-Looking Statement

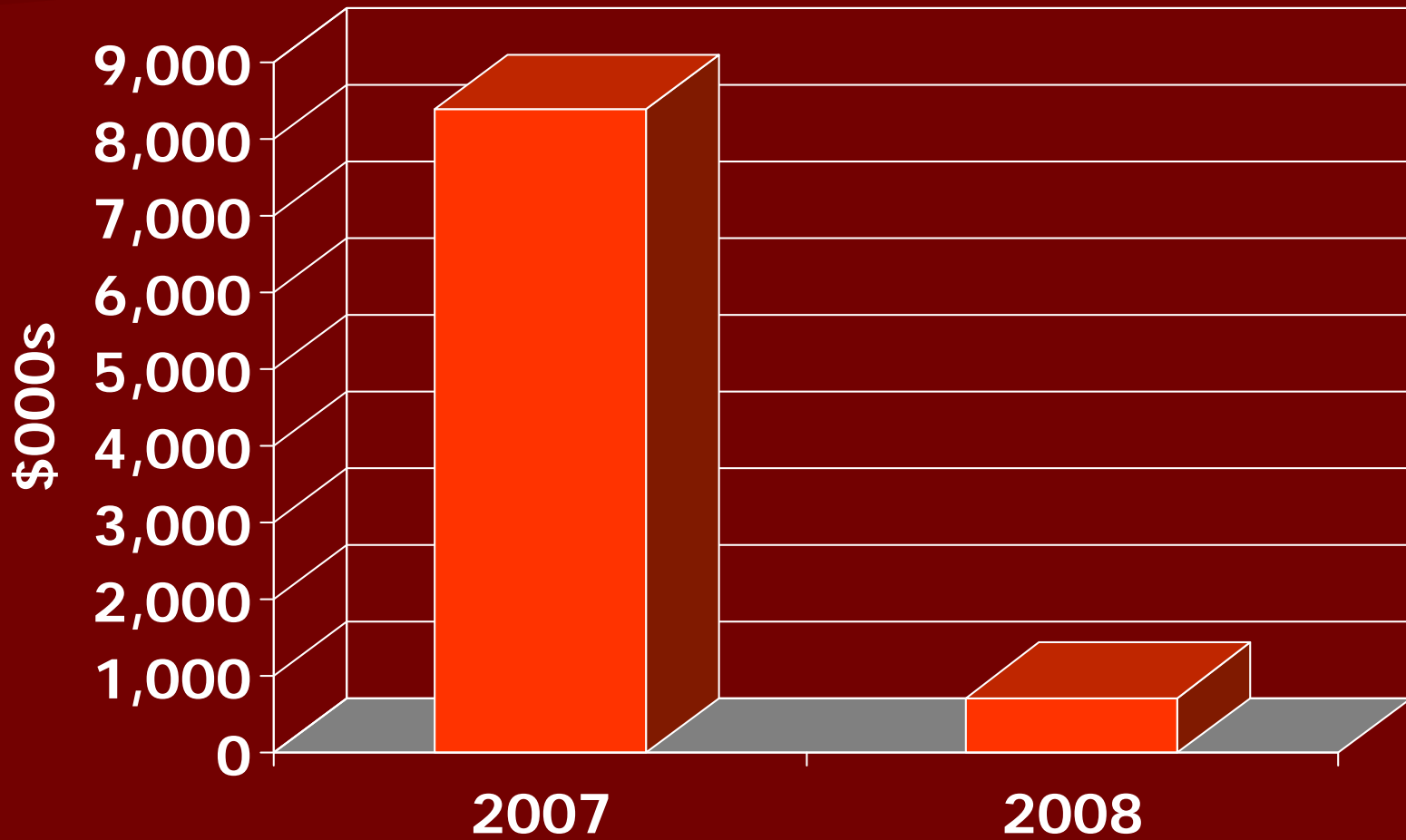
Certain matters in this presentation are “forward-looking statements” intended to qualify for the safe harbors from liability as established by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include words and phrases such as “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “intends to,” or similar expressions. Similarly, statements that describe Firstbank’s future plans, objectives or goals are also forward-looking statements. Firstbank wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date of this presentation, and to advise the audience that various factors could affect Firstbank’s financial performance and could cause actual results for future periods to differ materially from those anticipated or projected. Such factors include, but are not limited to: (i) general market interest rates, (ii) general economic conditions, (iii) legislative/regulatory changes, (iv) monetary and fiscal policies of the U.S. Treasury and Federal Reserve, (v) changes in the quality of composition of Firstbank’s loan and investment portfolios, (vi) demand for loan products (vii) deposit flow, (viii) competition, (ix) demand for financial services in Firstbank’s markets, and (x) changes in accounting principles, policies or guidelines.

# Topics

- Earnings
  - Impact of ICNB Acquisition
  - Asset Quality
  - Mark-to-Market and Its Impact
  - Earnings Performance vs. Other MI Banks
- Capital
  - Well Capitalized Both Before and After New Capital
  - Pros and Cons of Treasury Capital
- Share Valuation and Dividend
- Future of Community Banking in Michigan

# Events of the Past Year

# Net Income



# ICNB Acquisition

- Purchase Price
- Due Diligence
- Actions Taken to Address Issues
- Prospects for Firstbank – West Michigan

# Non-Performing Assets

(\$000)

	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>Change</u>
<b>Firstbank - Alma</b>	1,950	5,477	181%
<b>Firstbank - Mt. Pleasant</b>	5,233	5,509	5%
<b>Firstbank - West Branch</b>	2,867	3,806	33%
<b>Firstbank - St. Johns</b>	1,364	1,178	-14%
<b>Keystone Community Bank</b>	1,401	3,732	166%
<b>Firstbank - West Michigan</b>	4,406	10,611	141%
<b>Combined Bank Total</b>	<u>17,221</u>	<u>30,314</u>	76%

# Ten Largest Banks in Michigan Ranked by Assets

<b>Company Name</b>	<b>City</b>	<b>12/31/2008 Total Assets (\$000)</b>
Flagstar Bancorp, Inc.	Troy	14,203,657
Citizens Republic Bancorp, Inc.	Flint	13,086,016
Capitol Bancorp Ltd.	Lansing	5,654,836
Chemical Financial Corporation	Midland	3,874,313
Independent Bank Corporation	Ionia	2,956,245
Mercantile Bank Corporation	Grand Rapids	2,208,010
Macatawa Bank Corporation	Holland	2,149,372
Citizens First Bancorp, Inc.	Port Huron	1,960,528
MBT Financial Corp.	Monroe	1,562,401
<b>Firstbank Corporation</b>	<b>Alma</b>	<b>1,425,340</b>

# Ten Largest Banks in Michigan Ranked By Non-Performing Asset Ratio

Company Name	City	12/31/2008 Non-Performing Asset Ratio
Firstbank Corporation	Alma	2.12
Mercantile Bank Corporation	Grand Rapids	2.60
Chemical Financial Corporation	Midland	2.92
Citizens Republic Bancorp, Inc.	Flint	3.36
Capitol Bancorp Ltd.	Lansing	4.20
MBT Financial Corp.	Monroe	4.67
Independent Bank Corporation	Ionia	4.91
Macatawa Bank Corporation	Holland	5.22
Flagstar Bancorp, Inc.	Troy	5.32
Citizens First Bancorp, Inc.	Port Huron	6.03

# Twenty Largest Banks in Michigan Ranked by Assets

		<b>12/31/2008</b>
		<b>Total Assets</b>
<b>Company Name</b>	<b>City</b>	<b>(\$000)</b>
Flagstar Bancorp, Inc.	Troy	14,203,657
Citizens Republic Bancorp, Inc.	Flint	13,086,016
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Citizens First Bancorp, Inc.	Port Huron	1,960,528
MBT Financial Corp.	Monroe	1,562,401
<b>Firstbank Corporation</b>	<b>Alma</b>	<b>1,425,340</b>
Isabella Bank Corporation	Mount Pleasant	1,139,263
Dearborn Bancorp, Inc.	Dearborn	1,121,918
Lake Michigan Financial Corporation	Holland	943,930
O.A.K. Financial Corporation	Byron Center	840,311
United Bancorp, Inc.	Tecumseh	832,393
Northwestern Bank	Traverse City	810,452
Sterling Bank and Trust, FSB	Southfield	677,227
First State Financial Corporation	Saint Clair Shores	664,252
Warren Bancorp, Inc.	Clinton Township	604,669
Fentura Financial, Inc.	Fenton	578,604

# Twenty Largest Banks in Michigan Ranked By Non-Performing Asset Ratio

		12/31/2008
Company Name	City	Non-Performing Asset Ratio
O.A.K. Financial Corporation	Byron Center	0.63
Lake Michigan Financial Corporation	Holland	1.40
Isabella Bank Corporation	Mount Pleasant	1.75
<b>Firstbank Corporation</b>	<b>Alma</b>	<b>2.12</b>
Northwestern Bank	Traverse City	2.36
Mercantile Bank Corporation	Grand Rapids	2.60
Chemical Financial Corporation	Midland	2.92
United Bancorp, Inc.	Tecumseh	3.00
Citizens Republic Bancorp, Inc.	Flint	3.36
Capitol Bancorp Ltd.	Lansing	4.20
MBT Financial Corp.	Monroe	4.67
Sterling Bank and Trust, FSB	Southfield	4.70
Independent Bank Corporation	Ionia	4.91
Macatawa Bank Corporation	Holland	5.22
Flagstar Bancorp, Inc.	Troy	5.32
Fentura Financial, Inc.	Fenton	5.65
Citizens First Bancorp, Inc.	Port Huron	6.03
First State Financial Corporation	Saint Clair Shores	6.76
Dearborn Bancorp, Inc.	Dearborn	7.09
Warren Bancorp, Inc.	Clinton Township	17.67

# Ten Largest Banks in Michigan Ranked By Texas Ratio

<b>Company Name</b>	<b>City</b>	<b>12/31/2008 Texas Ratio</b>
Chemical Financial Corporation	Midland	23%
<b>Firstbank Corporation</b>	<b>Alma</b>	<b>24%</b>
Mercantile Bank Corporation	Grand Rapids	25%
Capitol Bancorp Ltd.	Lansing	28%
Citizens Republic Bancorp, Inc.	Flint	30%
Independent Bank Corporation	Ionia	46%
Macatawa Bank Corporation	Holland	50%
MBT Financial Corp.	Monroe	50%
Citizens First Savings Bank	Port Huron	74%
Flagstar Bancorp, Inc.	Troy	86%

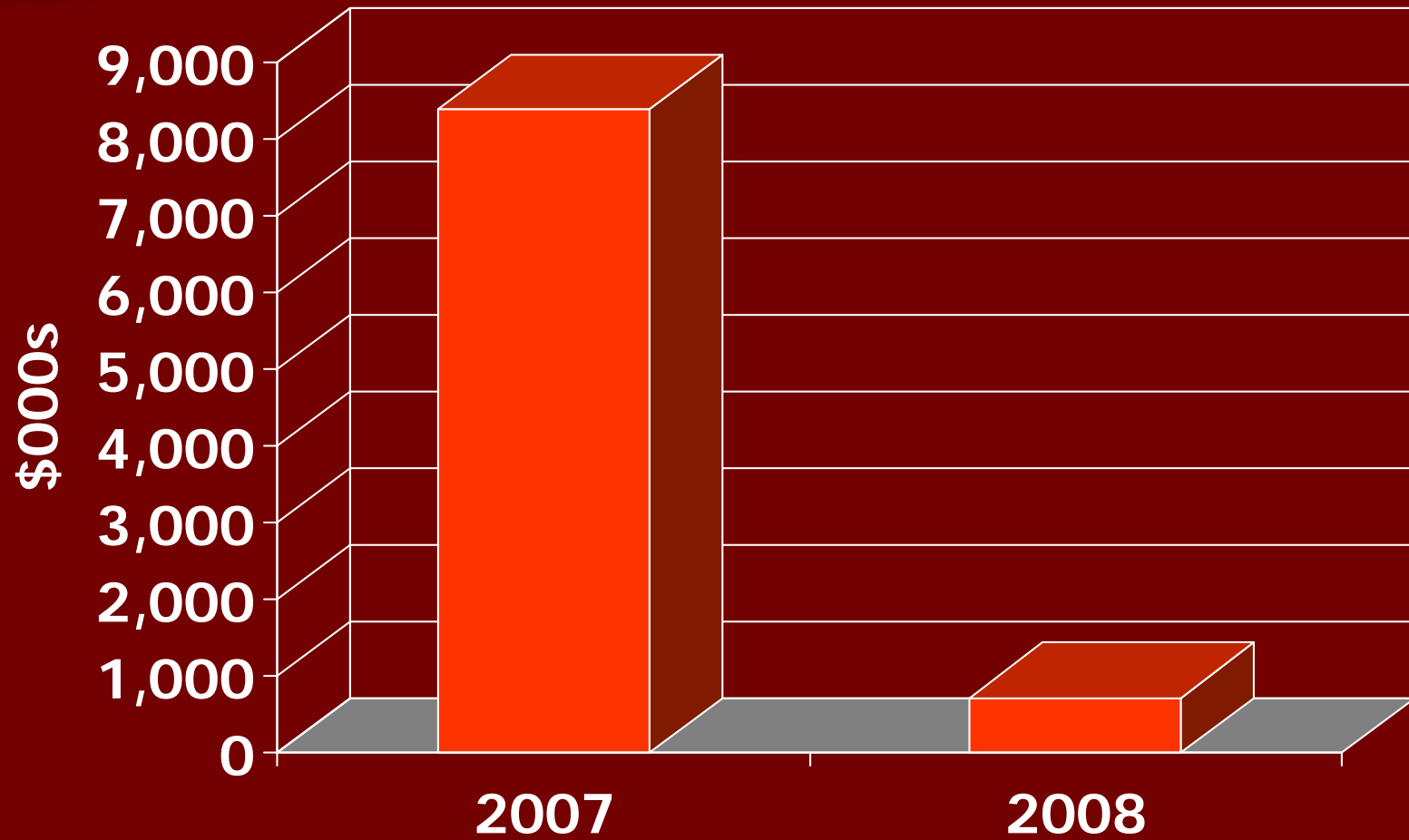
# Twenty Largest Banks in Michigan Ranked By Texas Ratio

		12/31/2008
Company Name	City	Texas Ratio
O.A.K. Financial Corporation	Byron Center	7%
Lake Michigan Financial Corporation	Holland	16%
Isabella Bank Corporation	Mount Pleasant	19%
Chemical Financial Corporation	Midland	23%
<b>Firstbank Corporation</b>	<b>Alma</b>	<b>24%</b>
Mercantile Bank Corporation	Grand Rapids	25%
Northwestern Bank	Traverse City	25%
Capitol Bancorp Ltd.	Lansing	28%
United Bancorp, Inc.	Tecumseh	30%
Citizens Republic Bancorp, Inc.	Flint	30%
Independent Bank Corporation	Ionia	46%
Sterling Bank and Trust, FSB	Southfield	47%
Fentura Financial, Inc.	Fenton	50%
Macatawa Bank Corporation	Holland	50%
MBT Financial Corp.	Monroe	50%
Dearborn Bancorp, Inc.	Dearborn	64%
First State Financial Corporation	Saint Clair Shores	67%
Citizens First Savings Bank	Port Huron	74%
Flagstar Bancorp, Inc.	Troy	86%
Warren Bancorp, Inc.	Clinton Township	208%

# Investment Losses

- What Were the Investments?
- What is Mark-to-Market?
- Will There Be Any Recovery?

# Net Income



# Ten Largest Banks in Michigan Ranked By Net Income

Company Name	City	2008 Net Income (\$000)
Chemical Financial Corporation	Midland	19,842
MBT Financial Corp.	Monroe	1,692
<b>Firstbank Corporation</b>	<b>Alma</b>	<b>719</b>
Mercantile Bank Corporation	Grand Rapids	(4,959)
Capitol Bancorp Ltd.	Lansing	(28,607)
Macatawa Bank Corporation	Holland	(38,854)
Citizens First Bancorp, Inc.	Port Huron	(58,428)
Independent Bank Corporation	Ionia	(91,664)
Flagstar Bancorp, Inc.	Troy	(275,407)
Citizens Republic Bancorp, Inc.	Flint	(393,052)

# Twenty Largest Banks in Michigan Ranked By Net Income

<b>Company Name</b>	<b>City</b>	<b>2008 Net Income (\$000)</b>
Chemical Financial Corporation	Midland	19,842
Isabella Bank Corporation	Mount Pleasant	4,101
Lake Michigan Financial Corporation	Holland	3,718
Northwestern Bank	Traverse City	3,062
MBT Financial Corp.	Monroe	1,692
O.A.K. Financial Corporation	Byron Center	1,536
<b>Firstbank Corporation</b>	<b>Alma</b>	<b>719</b>
United Bancorp, Inc.	Tecumseh	(36)
Mercantile Bank Corporation	Grand Rapids	(4,959)
First State Financial Corporation	Saint Clair Shores	(5,480)
Sterling Bank and Trust, FSB	Southfield	(5,528)
Fentura Financial, Inc.	Fenton	(12,165)
Warren Bancorp, Inc.	Clinton Township	(17,608)
Capitol Bancorp Ltd.	Lansing	(28,607)
Dearborn Bancorp, Inc.	Dearborn	(31,925)
Macatawa Bank Corporation	Holland	(38,854)
Citizens First Bancorp, Inc.	Port Huron	(58,428)
Independent Bank Corporation	Ionia	(91,664)
Flagstar Bancorp, Inc.	Troy	(275,407)
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# Capital

# Capital Ratios

	12/31/2008	
	Tier 1 (Core) Capital to Average Assets	Total Capital to Risk Weighted Assets
<b>Regulatory Standard for Well-Capitalized</b>	5.00%	10.00%
<b>Firstbank Corporation</b>	8.08%	11.06%
<b>Firstbank – Alma</b>	6.56%	10.36%
<b>Firstbank – Mt. Pleasant</b>	8.48%	10.60%
<b>Firstbank – West Branch</b>	6.86%	10.60%
<b>Firstbank – St. Johns</b>	7.80%	10.46%
<b>Keystone Community Bank</b>	8.95%	10.27%
<b>Firstbank – West Michigan</b>	8.11%	12.37%

# Sources of Capital

- Debt / Trust Preferred Securities
- Equity Offering
  - Preferred Stock
  - Common Stock
- Capital Purchase Program (CPP)

# U.S. Treasury Press Release



February 3, 2009  
TG-13

**Treasury Provides Funding to Bolster 42 Healthy, Local Banks Nationwide  
First banks in Arizona and Nebraska receive capital to increase lending;  
Banks in 45 states now participating in Treasury program**

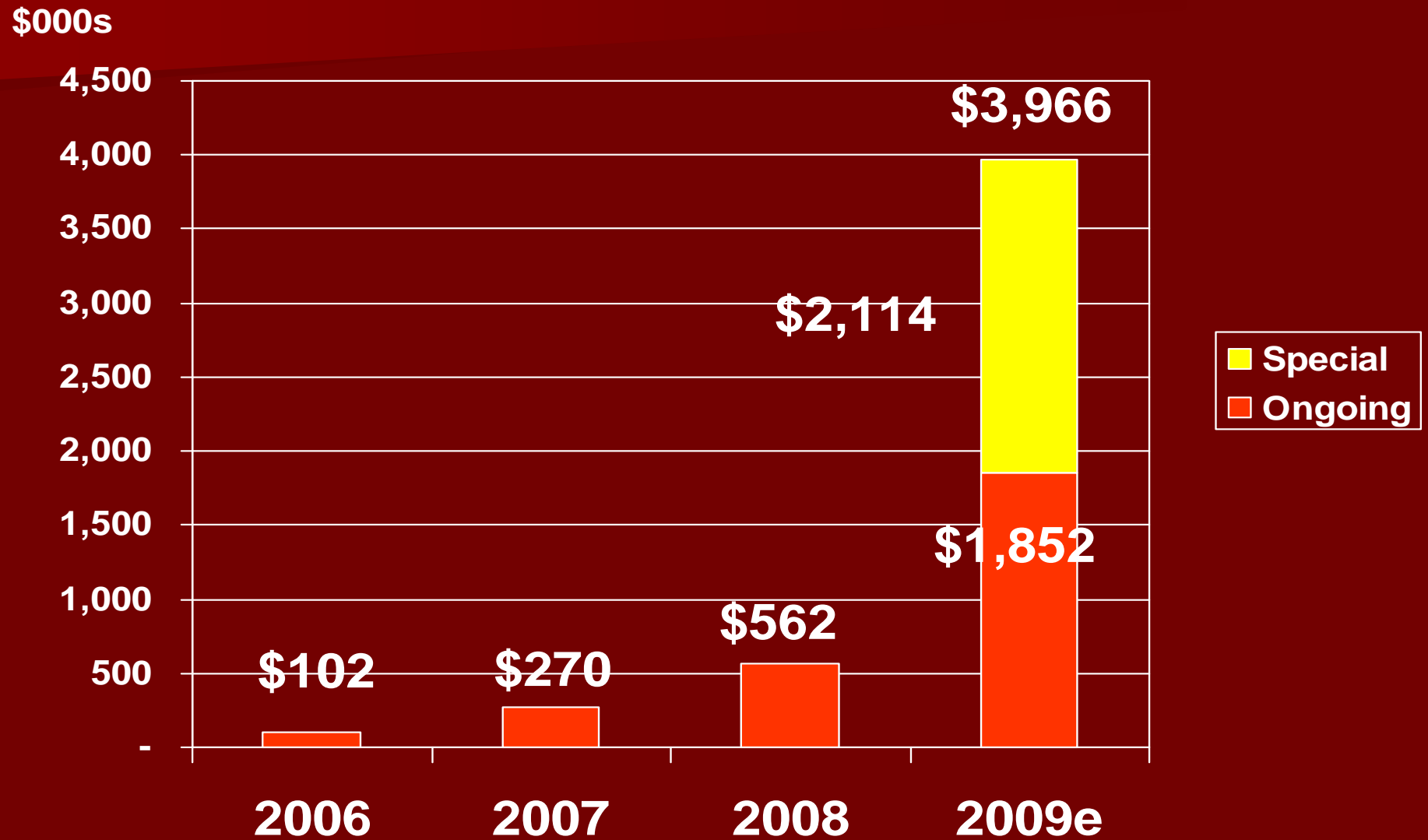
**Washington, DC** - The U.S. Treasury Department today announced investments of approximately \$1.15 billion in 42 banks across the nation as part of its Capital Purchase Program (CPP), a means to directly infuse capital into healthy, viable banks with the goal of increasing the flow of financing available to small businesses and consumers. **With additional capital, banks** are better able to meet the lending needs of their customers, and businesses have greater access to the credit that they need to keep operating and growing.

Since its inception in October 2008, Treasury has strengthened healthy small and large, regional, and national, financial institutions, as well as Community Development Financial Institutions (CDFIs), through total CPP investments of \$195.33 billion in 359 institutions in 45 states and Puerto Rico. To date, the largest investment was \$25 billion and the smallest investment was approximately \$1 million.

# Capital Purchase Program (CPP)

- Did We Need a “Bailout”?
- What Does It Cost?
  - Isn't 5% High Cost When Deposit Rates Are Only 1-2%?
- How Many Warrants Were Issued and What Will Be the Dilution?
- How Much Government Control?
- When and How Will We Repay (Return the Capital)?

# FDIC Insurance Premium



# Capital Purchase Program (CPP)

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# Dividend & Shareholder Valuation

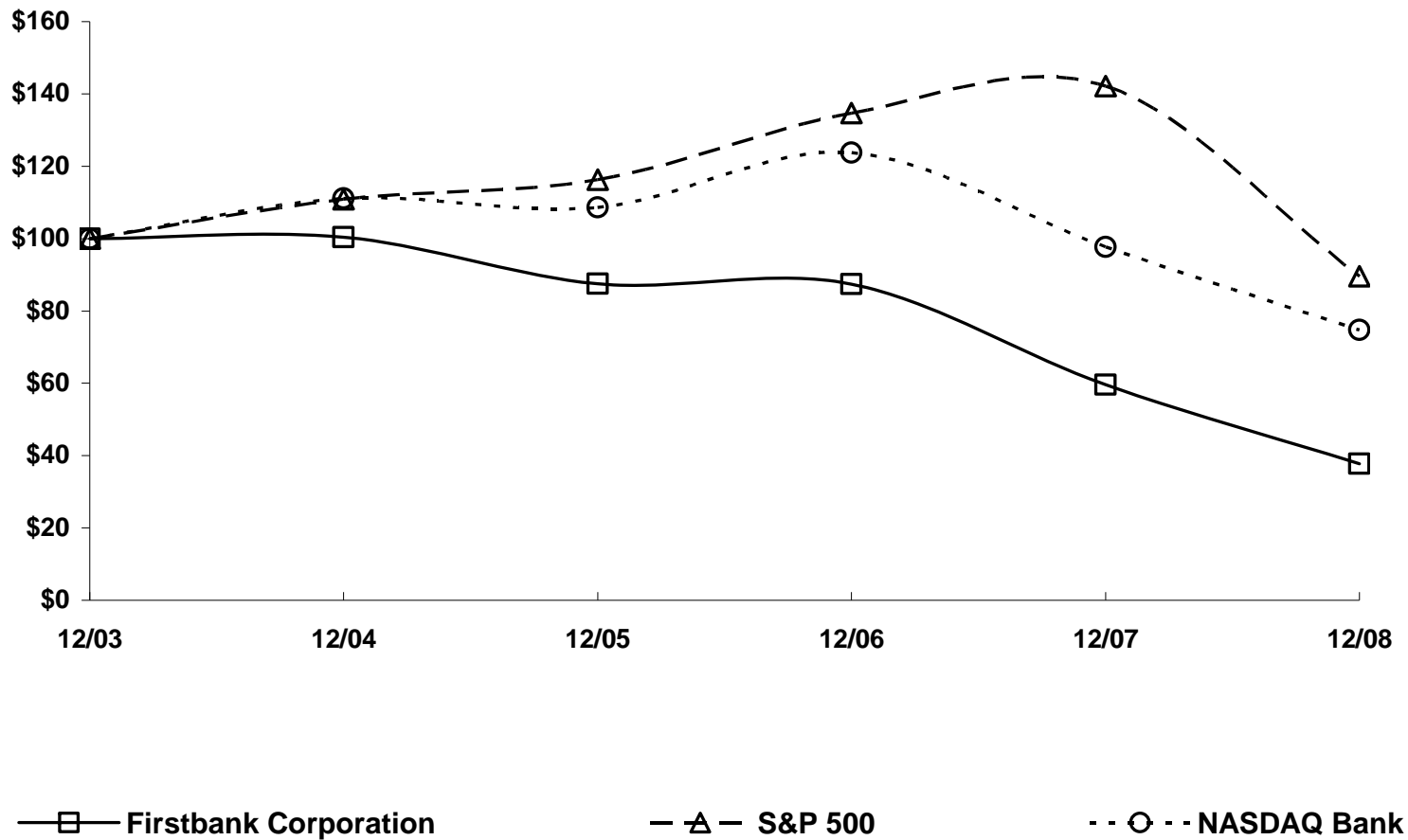
# Principles of Dividend Payment

- We will pay dividends to shareholders representing their respective portion of company earnings
- Dividends, in order to be paid, must be earned
- Appropriate capital levels are essential to support stability and growth, and to cushion against losses and unexpected events
- Dividend level should be stable and sustainable, unless the operating environment is unpredictable
- Over the long term, the goal is for earnings, dividends, and shareholder value to increase

# Dividend & Shareholder Valuation

## COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\*

Among Firstbank Corporation, The S&P 500 Index  
And The NASDAQ Bank Index



# SNL Index Values of Stock Prices

Friday, April 24, 2009

	<u>Percentage Change</u>				
	<u>Value</u>	<u>1 Day</u>	<u>1 Week</u>	<u>YTD</u>	<u>52 Week</u>
<b>SNL Bank</b>	212.4	3.00	-3.26	-20.84	-54.96
<b>SNL TARP Participants</b>	40.8	3.09	-2.66	-14.55	-58.28
<b>NASDAQ</b>	1,694.3	2.55	1.27	7.44	-30.07
<b>FBMI</b>	6.2	-2.21	-6.20	-23.08	-51.37
<b>Bank New England</b>	211.2	1.40	6.88	-8.90	-48.52
<b>Bank Mid-Atlantic</b>	210.1	1.25	-2.95	-9.67	-52.20
<b>Bank Southeast</b>	127.8	4.01	-10.04	-32.47	-71.42
<b>Bank Midwest</b>	241.8	2.26	-5.50	-22.73	-49.71
<b>Bank Southwest</b>	425.4	4.86	-3.89	-13.32	-37.05
<b>Bank West</b>	538.6	6.33	4.36	-27.91	-31.92

# SNL Index Values of Stock Prices

Friday, April 24, 2009

	<u>Value</u>	<u>Percentage Change</u>			
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<b>NASDAQ</b>	1,694.3	2.55	1.27	7.44	-30.07
<b>FBMI</b>	6.2	-2.21	-6.20	-23.08	-51.37
<b>Bank w/Assets &lt; \$500M</b>	379.4	0.42	1.69	-5.75	-43.27
<b>Bank w/Assets \$500M-\$1B</b>	409.4	1.17	-0.44	-5.35	-37.27
<b>Bank w/Assets \$1B-\$5B</b>	466.5	3.32	-4.83	-24.08	-38.22
<b>Bank w/Assets \$5B-\$10B</b>	503.8	5.20	-2.31	-25.28	-33.36
<b>Bank w/Assets &gt; \$10B</b>	186.3	2.92	-3.25	-20.77	-56.51

# 1<sup>st</sup> Quarter 2009 Results & Outlook for Community Banking

# First Quarter 2009 Results

- Net Income of \$1,513,000
- Earnings per share of \$0.16
- Robust Mortgage Refinance Activity Up 100% over the 1<sup>st</sup> Quarter 2008
- Strong Core Deposit Growth of 4.6%
- Loan Outstandings Stable versus 1<sup>st</sup> Quarter 2008 despite slow economy and high volume of secondary loan sales

# 2009 Initiatives

- Relentless Focus on Asset Quality
- Capture High Quality Loan Relationships abandoned by Nat'l and Regional banks
- Maximize Mortgage Lending and Refinancing Opportunities
- Continue Sales & Service Focus to increase Core Deposits in all 53 offices
- Support our 550+ staff members who are the key components of our success

# Michigan Community Banking

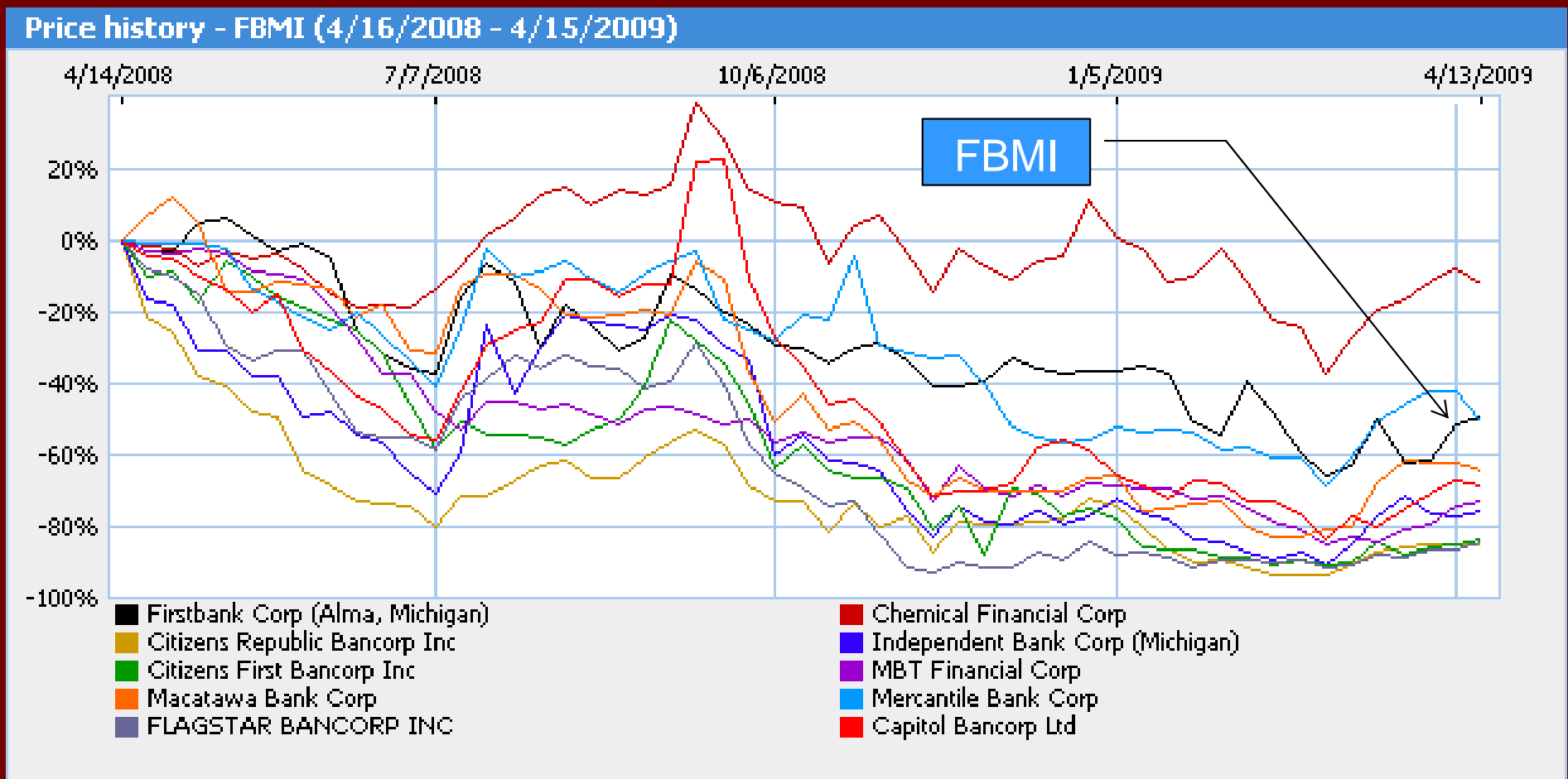
- Dynamic changes occurring as large banks withdraw from this market
- Renewed interest in FDIC insured products
- Growing Understanding of the differences between Community Banks and others
- More Appreciation for the commitment of Community Banks and their staff members to support local communities

# Firstbank Corporation

## A Community Banking Company

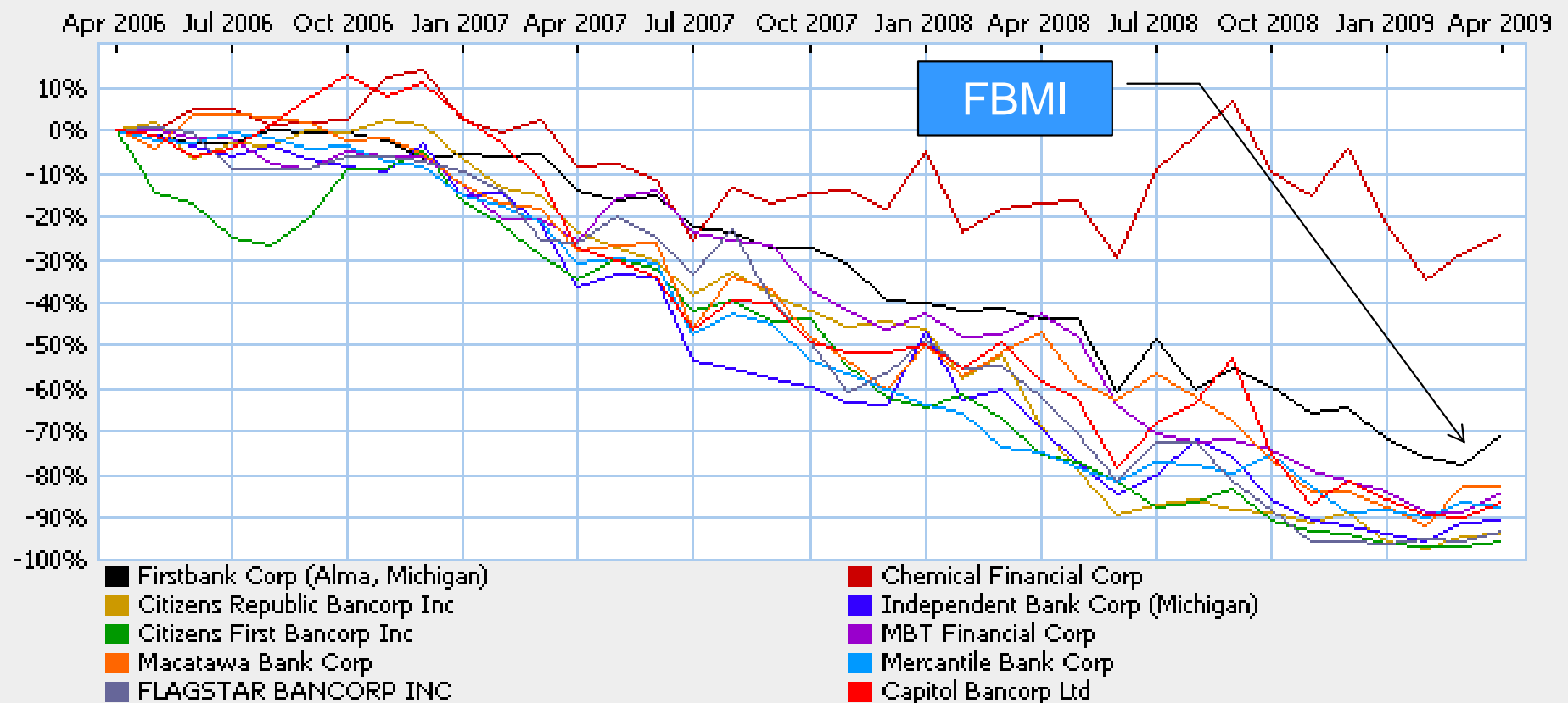
- Positioned for Future Success when things return to normal because:
  - Capitalize on the renewed interest in Community Banks
  - Multi-charter structure with local decision-making very responsive and attractive
  - Strong technology and human resources
  - Size and capital base allows us to service larger customers than stand-alone banks

# 1 Year Stock Performance VS Ten Largest Michigan Banks



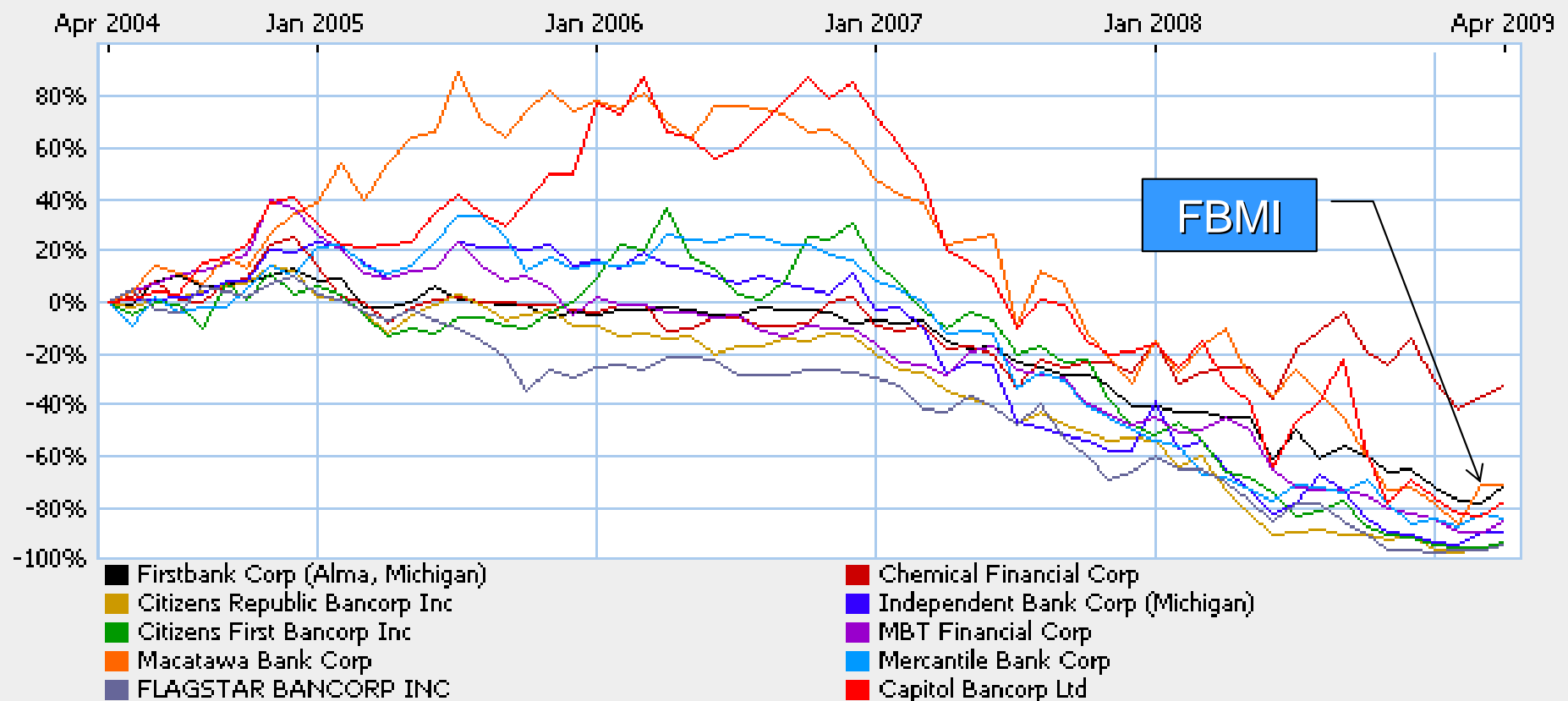
# 3 Year Stock Performance VS Ten Largest Michigan Banks

Price history - FBMI (4/17/2006 - 4/15/2009)



# 5 Year Stock Performance VS Ten Largest Michigan Banks

Price history - FBMI (4/17/2004 - 4/15/2009)



Thank You  
to our  
Shareholders, Customers,  
Communities  
and  
Staff Members