Firstbank
CORPORATION

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March 2, 2009

Mr. Neil Barofsky
Special Inspector General
Office of the Special Inspector General - TARP
1500 Pennsylvania Ave., N.W., Suite 1064
Washington, D.C. 20220

Re: Firstbank Corporation UST Sequence No.552
Via U.S. Mail and via email to SIGTARP.response@do.treas.gov

Dear Mr. Barofsky,

This letter is in response to your letter of February 6, 2009. Firstbank Corporation received $33 million through the Troubled Asset Relief Program on January 30, 2009. We have used those funds as we indicated within our application. We retired $6.8 million of holding company debt that had been previously incurred to supplement the capital levels of our subsidiary banks, we injected $14.7 million of additional capital into our banks, and the remaining funds have been provided to the banks as funding but remain available to all of the banks to support their growth initiatives. Once the funds are contributed to the capital accounts of the banks the funds improve the capital levels and ratios of those banks. We are unable to specifically track the use of the funds and have not segregated the funds from other institutional funds.

Our efforts to address the executive compensation requirements associated with the program are being adjusted to meet the substantial changes required by the American Recovery and Reinvestment Act (ARRA) of 2009 that was signed into law after our acceptance of the funding. The Compensation Committee of our board of directors will be meeting on March 22, 2009 to review management's analysis of our compensation plans, and will meet again on April 27, 2009 to approve whatever changes may be necessary to assure compliance within the prescribed 90 day window from receipt of the funding. Originally, we had anticipated that very few, if any, changes would be required as no one within our company received compensation in excess of $500,000, and no agreements reached the level of triggering the "golden parachute" rules (as defined prior to ARRA). However, we are now examining the new rules under ARRA as they appear to be much more far-reaching.

It appears to us that the public perception of the TARP/CPP program has changed, and while we have tried to emphasize in our communications to the public, employees, and shareholders that the approval for, and acceptance of, these funds was a positive event for our company – many believe that our "need" for these funds was a sign of weakness or potential failure. I have enclosed press releases and shareholder communications for your information. I would encourage your office to include within your assessment criteria an evaluation of whether TARP/CPP recipients believe that acceptance of the funding has improved, or damaged, their reputation with their customers, communities, and shareholders.

If you have any questions, or need more information, please contact either myself, or Samuel G. Stone, the Executive Vice President & Chief Financial Officer of our company.

I certify that I have reviewed this response and supporting documents, and, based on my knowledge, the statements and representations made herein, including the supporting information provided are accurate, subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

Sincerely,

Thomas R. Sullivan

Thomas R. Sullivan
President & Chief Executive Officer

Enclosures: Firstbank Corporation News Release dated January 20, 2009
Firstbank Corporation News Release dated January 30, 2009
Firstbank Corporation Shareholder Communication including the January 30, 2009 News Release
Firstbank Corporation Shareholder Communication of February, 2009 including the U.S. Treasury Press Release of February 3, 2009, and Firstbank Corporation News Releases dated February 13, 2009 and February 24, 2009

Firstbank
CORPORATION

FOR IMMEDIATE RELEASE

NEWS RELEASE

Date Submitted: January 20, 2009
NASDAQ Symbol: FBMI

Contact: Samuel G. Stone
Executive Vice President and
Chief Financial Officer
(989) 466-7325

FIRSTBANK CORPORATION ANNOUNCES TREASURY'S APPROVAL FOR CPP

Alma, Michigan (FBMI) ---- Thomas R. Sullivan, President and Chief Executive Officer of Firstbank Corporation, announced that the United States Treasury has preliminarily approved an investment of $33 million in preferred stock of Firstbank Corporation, under the provisions of the Treasury's Capital Purchase Program (CPP), with terms more fully described below.

Mr. Sullivan stated, "As a community banking company with six affiliate banks, we at Firstbank Corporation are excited about the prospects that this access to capital provides, as it will facilitate expanded service to our customers and the communities we serve in Michigan. This is a time when economies at all levels – local, state, regional, and national – urgently need supportive, quality oriented, well-run banks. All of our banks exceeded the regulatory standards for being considered well-capitalized prior to the addition of capital from CPP. We plan to use this additional capital to further improve the capital levels of our banks so that they can continue to make prudent loans to customers, while serving customer and community needs for deposit and other banking services.

"In addition to availing ourselves of this source of capital, all of our banks have opted in to the FDIC's Transaction Account Guarantee Program (TAGP) which provides unlimited FDIC guarantee of funds in non-interest bearing transaction accounts until December 31, 2009. Coverage under the Transaction Account Guarantee Program is in addition to, and separate from, the coverage available under the FDIC's general deposit insurance rules, which now cover accounts up to $250,000. With our six separate banks each providing FDIC coverage, we have the ability to build coverage under the general deposit rules to a level of $1.5 million, or beyond, for the customers of our company. While we are a very safe, sound, and secure banking company, we feel that participating in these programs is the best way we can contribute to, and cooperate with, the federal government's efforts to address the national and world-wide financial crisis. We also believe our shareholders' long-term interests will be best served by our ability to prudently expand our position in our markets."

The Treasury's investment would be in a newly issued preferred stock carrying a 5% coupon for five years, and 9% thereafter. The Treasury would also receive warrants to purchase shares of Firstbank Corporation common stock in an amount and price to be determined at closing, such that the amount of stock subject to warrant would have a market value of 15% of the dollar amount of preferred stock. The warrants would expire in 10 years. Receipt of the funding is subject to execution of definitive agreements and satisfaction of closing conditions. The preferred shares are callable by Firstbank Corporation at par after three years. Firstbank Corporation may call them during the first three years, but only with the proceeds of newly-issued Tier 1 equity capital in an amount of at least 25% of the amount of the Treasury's investment.

Firstbank Corporation plans to issue its fourth quarter, 2008, earnings announcement on January 29, 2009, and to announce its first quarter, 2009, cash dividend (payable in March) on February 24, 2009.

Firstbank Corporation, headquartered in Alma, Michigan, is a financial services company using a multi-bank-charter format with assets of $1.4 billion and 53 banking offices serving Michigan's Lower Peninsula. Bank subsidiaries include: Firstbank – Alma; Firstbank (Mt. Pleasant); Firstbank – West Branch; Firstbank – St. Johns; Keystone Community Bank; and Firstbank – West Michigan.

This press release contains certain forward-looking statements that involve risks and uncertainties. When used in this press release the words "anticipate," "believe," "expect," "hopeful," "potential," "should," and similar expressions identify forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning future business growth, changes in interest rates, and the resolution of problem loans. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including, but not limited to, economic, competitive, governmental and technological factors affecting the Company's operations, markets, products, services, interest rates and fees for services. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release.

Firstbank CORPORATION

FOR IMMEDIATE RELEASE

NEWS RELEASE

Date Submitted: January 30, 2009
NASDAQ Symbol: FBMI

Contact: Samuel G. Stone
Executive Vice President and
Chief Financial Officer
(989) 466-7325

FIRSTBANK CORPORATION ANNOUNCES RECEIPT OF $33 MILLION OF CAPITAL FROM CPP

Alma, Michigan (FBMI) ---- Thomas R. Sullivan, President and Chief Executive Officer of Firstbank Corporation, announced that on January 30, 2009, the United States Treasury purchased $33 million of preferred stock in Firstbank Corporation pursuant to the Treasury's Capital Purchase Program (CPP). Firstbank announced its approval under this program in a news release on January 20, 2009.

Mr. Sullivan stated, "All of our banks exceeded the regulatory standards for being considered well-capitalized prior to the addition of capital from CPP. This additional capital will facilitate expanded service to our customers and the communities we serve in Michigan. We plan to use the additional capital to further increase the capacity of our banks to make prudent loans to customers, while serving customer and community needs for deposit and other banking services. This is a time when economies at all levels – local, state, regional, and national – urgently need supportive, quality oriented, well-run banks. As a community banking company with six affiliate banks, we at Firstbank Corporation are excited about the prospects that this additional capital provides.

"In addition to availing ourselves of this source of capital, all of our banks have opted in to the FDIC's Transaction Account Guarantee Program (TAGP) which provides unlimited FDIC guarantee of funds in non-interest bearing transaction accounts until December 31, 2009. Coverage under the Transaction Account Guarantee Program is in addition to, and separate from, the coverage available under the FDIC's general deposit insurance rules, which now cover accounts up to $250,000. With our six separate banks each providing FDIC coverage, we have the ability to build coverage under the general deposit rules to a level of $1.5 million, or beyond, for the customers of our company. While we are a very safe, sound, and secure banking company, we feel that participating in these programs is the best way we can contribute to, and cooperate with, the federal government's efforts to address the national and world-wide financial crisis. We also believe our shareholders' long-term interests will be best served by our ability to prudently expand our position in our markets."

The Department of Treasury received 33,000 shares of the Corporation's Fixed Rate Cumulative Perpetual Preferred Stock, Series A, and a warrant to purchase 578,947 shares of the Corporation's common stock at an exercise price of $8.55 per share. The exercise price of the warrant was determined based upon the average of closing prices of the Corporation's common stock during the 20-trading day period ended January 15, 2009, the last trading day prior to the date the Treasury approved the Corporation for participation in the Program. The preferred shares qualify as Tier 1 regulatory capital and pay cumulative dividends quarterly at a rate of 5% per annum for the first five years, and 9% per annum thereafter. Additional details of the transaction are disclosed in Firstbank Corporation's Form 8-K filing as of this date.

Firstbank Corporation, headquartered in Alma, Michigan, is a financial services company using a multi-bank-charter format with assets of $1.4 billion and 53 banking offices serving Michigan's Lower Peninsula. Bank subsidiaries include: Firstbank – Alma; Firstbank (Mt. Pleasant); Firstbank – West Branch; Firstbank – St. Johns; Keystone Community Bank; and Firstbank – West Michigan.

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Firstbank
CORPORATION

An Important Announcement for our Shareholders.............

I am pleased to advise you that the United States Department of Treasury, which had approved an investment of $33 million in the preferred stock of Firstbank Corporation on January 16, 2009, completed the purchase of those shares from our company today. A copy of the Press Release announcing this transaction under the Capital Purchase Program is enclosed for your review.

Firstbank is one of only a handful of Michigan banking companies that have announced that they have been approved for this investment to date. These funds will serve multiple purposes within our company.

While our company, and all of its' subsidiary banks, has always met all of the requirements to be considered "well capitalized" by the regulatory agencies, this additional capital will further strengthen our company during these uncertain times. Given the problems facing our economy, especially here in Michigan with unemployment over 10% and a real estate market that continues to deteriorate, it is prudent to take every opportunity to supplement our capital position. Additionally, these preferred shares are being issued on terms that are very favorable for our company versus alternative sources of capital currently available during the present market turmoil.

These funds will also enable us to continue providing support to the customers and communities we serve. Many banking organizations have curtailed their lending and community support activities due to a lack of capital. This substantial capital investment will better position our company to take advantage of solid business opportunities through smart, responsible lending within our markets.

The acceptance of this investment will also help our company to achieve improved earnings. In the near term, until loan balances grow, we will use the proceeds to replace higher cost wholesale funding. Over time, we will continue to expand our presence within our markets, gathering additional core funding from depositors who value the strength and stability of our banks, while prudently making new loans, both of which should improve margins and increase earnings.

We believe our participation in this program is an important recognition of the strength and stability of Firstbank, and of our good standing as a strong and healthy financial institution during these difficult times. If you have any questions please do not hesitate to call either myself or our Chief Financial Officer, Sam Stone, as we would be pleased to speak with you. We sincerely appreciate your investment in Firstbank Corporation.

Sincerely,

Thomas R. Sullivan

Thomas R. Sullivan
President & Chief Executive Officer

Firstbank CORPORATION

FOR IMMEDIATE RELEASE

NEWS RELEASE

Date Submitted: January 30, 2009
NASDAQ Symbol: FBMI

Contact: Samuel G. Stone
Executive Vice President and
Chief Financial Officer
(989) 466-7325

FIRSTBANK CORPORATION ANNOUNCES RECEIPT OF $33 MILLION OF CAPITAL FROM CPP

Alma, Michigan (FBMI) ---- Thomas R. Sullivan, President and Chief Executive Officer of Firstbank Corporation, announced that on January 30, 2009, the United States Treasury purchased $33 million of preferred stock in Firstbank Corporation pursuant to the Treasury's Capital Purchase Program (CPP). Firstbank announced its approval under this program in a news release on January 20, 2009.

Mr. Sullivan stated, "All of our banks exceeded the regulatory standards for being considered well-capitalized prior to the addition of capital from CPP. This additional capital will facilitate expanded service to our customers and the communities we serve in Michigan. We plan to use the additional capital to further increase the capacity of our banks to make prudent loans to customers, while serving customer and community needs for deposit and other banking services. This is a time when economies at all levels – local, state, regional, and national – urgently need supportive, quality oriented, well-run banks. As a community banking company with six affiliate banks, we at Firstbank Corporation are excited about the prospects that this additional capital provides.

"In addition to availing ourselves of this source of capital, all of our banks have opted in to the FDIC's Transaction Account Guarantee Program (TAGP) which provides unlimited FDIC guarantee of funds in non-interest bearing transaction accounts until December 31, 2009. Coverage under the Transaction Account Guarantee Program is in addition to, and separate from, the coverage available under the FDIC's general deposit insurance rules, which now cover accounts up to $250,000. With our six separate banks each providing FDIC coverage, we have the ability to build coverage under the general deposit rules to a level of $1.5 million, or beyond, for the customers of our company. While we are a very safe, sound, and secure banking company, we feel that participating in these programs is the best way we can contribute to, and cooperate with, the federal government's efforts to address the national and world-wide financial crisis. We also believe our shareholders' long-term interests will be best served by our ability to prudently expand our position in our markets."

The Department of Treasury received 33,000 shares of the Corporation's Fixed Rate Cumulative Perpetual Preferred Stock, Series A, and a warrant to purchase 578,947 shares of the Corporation's common stock at an exercise price of $8.55 per share. The exercise price of the warrant was determined based upon the average of closing prices of the Corporation's common stock during the 20-trading day period ended January 15, 2009, the last trading day prior to the date the Treasury approved the Corporation for participation in the Program. The preferred shares qualify as Tier 1 regulatory capital and pay cumulative dividends quarterly at a rate of 5% per annum for the first five years, and 9% per annum thereafter. Additional details of the transaction are disclosed in Firstbank Corporation's Form 8-K filing as of this date.

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Firstbank
CORPORATION

February, 2009

Important News for our Shareholders.........

Attached you will find News Releases which announce earnings for the fourth quarter and full year 2008, and the first quarter cash dividend for 2009. The release regarding year end earnings includes a narrative discussion of our results along with detailed financial information. Highlights include:

- ◊ **Non-cash charges for mark-to-market security valuations, and build-up of allowance for loan losses, result in net loss for the fourth quarter of 2008, but full year earnings remain positive**
- ◊ **Financial market turmoil, along with the economic conditions in Michigan and the nation, continue to create credit and valuation issues impacting earnings**
- ◊ **Capital remains strong and all affiliate banks continue to meet regulatory well-capitalized requirements**

The release regarding the first quarter dividend was issued on February 24, 2009. The Firstbank Corporation Board of Directors approved a $0.10 per share quarterly cash dividend payable on March 19, 2009 to shareholders of record as of March 6, 2009. The $0.10 per share cash dividend compares to $0.225 paid in the prior quarter.

In spite of our disappointing earnings, we are holding up well within our industry. Among the ten largest banking companies in Michigan in terms of assets, we rank tenth in asset size, but we rank third in net income for the year of 2008. Yes, this means that most of these companies reported net losses for 2008.

The earnings of the company provide the source for the payment of cash dividends to our shareholders. As we have experienced a significant decline in earnings, we determined to reduce the cash dividend rate to an amount that is more reflective of the present earnings level of the company. We recognize our tremendous obligation to shareholders to maintain dividend levels; however, our action was taken as a precautionary measure to help our company remain healthy and strong for the future even if conditions within Michigan and the financial markets worsen significantly.

We previously advised you of our participation in the U.S. Treasury's Capital Purchase Program and announced our receipt of $33 million preferred equity under this plan. We applied for this program because the cost of this capital is far and away lower than capital raised in the private markets these days, the additional capital adds strength to our company to weather this prolonged economic storm, and it will enable us to continue making prudent loans in support of our customers and communities. Our participation in that program does not restrict our ability to pay the former $0.225 dividend, nor does it prohibit us from returning to that level when our board determines that the outlook for earnings warrants such an action. Enclosed you will also find the release from the U.S. Treasury specifically referencing our company.

You will be receiving Annual Shareholder Meeting information in mid-March, and I encourage you to attend the meeting which will be held on April 27, 2009 at 4:30 p.m. in the Heritage Center on the campus of Alma College.

Your investment in Firstbank Corporation is sincerely appreciated, and your comments and suggestions are always welcome.

Sincerely,

Thomas R. Sullivan

Thomas R. Sullivan
President & Chief Executive Officer

Firstbank
CORPORATION

FOR IMMEDIATE RELEASE

NEWS RELEASE

Date Submitted: February 13, 2009
NASDAQ Symbol: FBMI

Contact: Samuel G. Stone
Executive Vice President and
Chief Financial Officer
(989) 466-7325

FIRSTBANK CORPORATION ANNOUNCES FOURTH QUARTER AND FULL YEAR 2008 RESULTS

Highlights Include:

- **Non-cash charges for mark-to-market security valuations, and build-up of allowance for loan losses, result in net loss for the fourth quarter of 2008**
- **Net income for full year 2008 remains positive at $719,000 in spite of fourth quarter loss**
- **Financial market turmoil, along with the economic conditions in Michigan and the nation, continue to create credit and valuation issues impacting earnings**
- **Net interest margin stable**
- **Capital remains strong and all affiliate banks continue to meet regulatory well-capitalized requirements**

Alma, Michigan (FBMI) ---- Thomas R. Sullivan, President and Chief Executive Officer of Firstbank Corporation, announced non-cash charges included in earnings in the fourth quarter of 2008 of $3.9 million related to mark-to-market accounting adjustments in the valuation of securities, and elevated provision for loan loss expense of $2.9 million, leading to a fourth quarter net loss. Firstbank had been informed that regulatory consideration is being given to excluding these non-cash mark-to-market charges from net income as an industry-wide issue; however, as of this date Firstbank's accounting treatment to include these non-cash charges in fourth quarter income has not been overturned. Earnings per share of ($0.33) for the fourth quarter of 2008 compared to $0.10 in the third quarter of 2008 and to $0.21 in the fourth quarter of 2007. Net loss was $2,460,000 for the quarter ended December 31, 2008, compared to net income of $737,000 for the quarter ended September 30, 2008 and net income of $1,566,000 for the quarter ended December 31, 2007. Returns on average assets and average equity for the fourth quarter of 2008 were (0.70%) and (8.4%), respectively. All per share amounts are fully diluted.

Earnings per share of $0.10 for the full year of 2008 compared to $1.22 in 2007. Net income was $719,000 for 2008, compared to $8,386,000 for 2007. Returns on average assets and average equity for 2008 were 0.05% and 0.6%, respectively.

Total assets of Firstbank Corporation at December 31, 2008, were $1.425 billion, an increase of 4.4% over the year-ago period. Total portfolio loans of $1.158 billion were 3.3% above the level at December 31, 2007. Total deposits as of December 31, 2008, were $1.047 billion, compared to $1.011 billion at December 31, 2007, an increase of 3.5%.

Firstbank's net interest margin, at 3.82% in the fourth quarter of 2008, remained the same as in the third quarter of 2008, and was 8 basis points below the 3.90% of the fourth quarter of 2007. Growth in average earning assets in the fourth quarter of 2008 was 0.4% compared to the third quarter of 2008 and 4.1% compared to the fourth quarter of 2007. Net interest income in the fourth quarter of 2008 was 0.6% above the level in the third quarter and 2.2% above the year-ago period.

Gain on sale of mortgage loans began to strengthen in the fourth quarter of 2008, and was 54% above the level in the third quarter. For the full year of 2008 gain on sale of mortgages was 50% above the level in 2007. Sharp declines in mortgage interest rates in December of 2008 and continuing into the first quarter of 2009 are resulting in increased mortgage refinance activity. Other factors overshadowed the improved gain on sale of mortgages and resulted in declines in total non-interest income. Those factors include the security valuation adjustments referenced above, a decline in the value of deferred compensation assets carried on the books of the company, and losses on the sale of other real estate exceeding gains on sale of other real estate.

Firstbank continues to emphasize cost control during this period of economic uncertainty and pressure on revenues. Although salaries and employee benefits expense increased 7.8% in 2008 compared to 2007, this increase was caused by the full-year inclusion of Firstbank – West Michigan, which was acquired on July 1, 2007. Comparing the second half of 2008 with the second half of 2007, salaries and employee benefits expense decreased 1.8%, as a 4.0% decline in salary expense was partially offset by increasing benefits expense. Management believes that the company's benefits expense is beginning to show a more seasonal pattern of increasing expenses in the latter part of the year, because of the growing popularity of high-deductible medical plans. The increases in non-interest expenses other than salaries and employee benefits were driven mainly by factors related to problems in the economy and the financial system. FDIC insurance premiums increased 57% in the second half of 2008 compared to the year-earlier period. Legal fees related to loans, write-downs of the value of other real estate, and expenses related to the management of other real estate also increased.

Mr. Sullivan stated, "The turmoil in the financial markets, and the continued deterioration in Michigan's economy, took a very heavy toll on our fourth quarter earnings. The non-cash charges required by mark-to-market accounting have exacerbated the situation. In our company, the original dollar value of assets we held that have been subject to such adjustment amount to less than one percent of our total assets, and in most cases these assets continue to provide us the investment income according to the terms of the investment instrument. However, the illiquidity of the financial markets has depressed the trading values of the securities, which we are now required to recognize in our income statements, and which has had a very negative impact on our income. We anticipate that when the financial markets return to more traditional trading volumes and valuations that we will see some recovery of these losses upon sale of the securities. During the fourth quarter we recognized that the economic stresses continued to affect some of our customers to the extent that they have struggled, or in some cases become unable, to meet their financial obligations, and determined to increase the reserve for loan losses by $1.8 million. For the year 2008 our net charge-offs increased to $5.1 million, and we increased our provision for loan losses to nearly $8.3 million, with the net effect of adding approximately $3.2 million to the balance in our allowance for loan loss reserve.

"We continue to monitor the core strengths of our longer-term profitability factors in the face of unusually dramatic interest rate movements and weak economic activity. We are encouraged by our success in keeping discretionary costs under control and by holding our own in terms of a relatively stable net interest margin and modest growth in earning assets and deposits. Our strategy is to manage through the challenges of current times, and to emerge well-positioned to grow and prosper along with our customers and communities."

Sullivan continued, "When earnings are not what you want them to be, it is only small consolation to know that there are many other companies experiencing even more severe consequences of the turmoil in the economy and the financial system. Under the circumstances, we were pleased that full year earnings remained positive, even with elevated provision expense and non-cash charges, and that without the non-cash charges and build-up of allowance, fourth quarter earnings would have been positive."

At December 31, 2008, the ratio of the allowance for loan losses to loans increased to 1.26% from 1.11% at September 30, 2008, and increased from 1.02% at December 31, 2007. The ratio of allowance for loan loss to non-performing loans stood at 59% at December 31, 2008.

Net charge-offs of $1,120,000 in the fourth quarter of 2008 were 0.39% of average loans on an annualized basis, and net charge-offs of $5,140,000 for the full year 2008 were 0.45% of average loans. The ratio of non-performing loans (including loans past due over 90 days) to loans was 2.14% at December 31, 2008, compared to 1.81% as of September 30, 2008, and 1.26% at December 31, 2007.

Shareholders' equity decreased 2.2% in the fourth quarter of 2008, and was 3.1% below the level at December 31, 2007. The ratio of average equity to average assets was 8.4% in the fourth quarter of 2008 – similar to levels over past years. Firstbank did not repurchase its common stock in 2008. All of Firstbank Corporation's affiliate banks continue to meet the regulatory well-capitalized requirements.

Firstbank Corporation has indicated that it plans to announce its first quarter, 2009, cash dividend (payable in March) on February 24, 2009.

Firstbank Corporation, headquartered in Alma, Michigan, is a financial services company using a multi-bank-charter format with assets of $1.4 billion and 53 banking offices serving Michigan's Lower Peninsula. Bank subsidiaries include: Firstbank – Alma; Firstbank (Mt. Pleasant); Firstbank – West Branch; Firstbank – St. Johns; Keystone Community Bank; and Firstbank – West Michigan.

FIRSTBANK CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands except per share data)
UNAUDITED

	Three Months Ended:			Twelve Months Ended:	
	Dec 31 2008	Sep 30 2008	Dec 31 2007	Dec 31 2008	Dec 31 2007
Interest income:					
Interest and fees on loans	$18,682	$19,136	$20,702	$76,604	$75,364
Investment securities					
Taxable	976	918	856	$3,878	3,090
Exempt from federal income tax	349	357	426	$1,408	1,326
Short term investments	33	91	168	301	1,082
Total interest income	20,040	20,502	22,152	82,191	80,862
Interest expense:					
Deposits	5,784	6,164	7,661	25,468	28,649
Notes payable and other borrowing	2,294	2,443	2,782	9,885	9,568
Total interest expense	8,078	8,607	10,443	35,353	38,217
Net interest income	11,962	11,895	11,709	46,838	42,645
Provision for loan losses	2,947	1,028	1,773	8,256	2,014
Net interest income after provision for loan losses	9,015	10,867	9,936	38,582	40,631
Noninterest income:					
Gain on sale of mortgage loans	489	317	549	2,513	1,676
Service charges on deposit accounts	1,183	1,218	1,237	4,825	4,475
Gain (loss) on trading account securities	(81)	(200)	(628)	(454)	(628)
Gain (loss) on sale of AFS securities	(3,851)	(1,674)	7	(5,463)	(123)
Mortgage servicing	70	180	162	258	555
Other	369	690	753	2,311	3,765
Total noninterest income	(1,821)	531	2,080	3,990	9,720
Noninterest expense:					
Salaries and employee benefits	5,519	5,342	5,322	22,231	20,621
Occupancy and equipment	1,714	1,728	1,656	6,931	5,962
Amortization of intangibles	245	264	206	1,071	1,135
FDIC insurance premium	180	166	160	562	270
Other	3,612	3,116	2,880	12,120	11,086
Total noninterest expense	11,270	10,616	10,224	42,915	39,074
Income before federal income taxes	(4,076)	782	1,792	(343)	11,277
Federal income taxes	(1,616)	45	226	(1,062)	2,891
Net Income	($2,460)	$737	$1,566	$719	$8,386
Fully Tax Equivalent Net Interest Income	$12,220	$12,160	$11,961	$47,922	$43,483
Per Share Data:					
Basic Earnings	($0.33)	$0.10	$0.21	$0.10	$1.22
Diluted Earnings	($0.33)	$0.10	$0.21	$0.10	$1.22
Dividends Paid	$0.225	$0.225	$0.225	$0.900	$0.900
Performance Ratios:					
Return on Average Assets (a)	-0.70%	0.21%	0.45%	0.05%	0.69%
Return on Average Equity (a)	-8.4%	2.5%	5.2%	0.6%	7.8%
Net Interest Margin (FTE) (a)	3.82%	3.82%	3.90%	3.80%	3.90%
Book Value Per Share (b)	$15.17	$15.61	$16.01	$15.17	$16.01
Average Equity/Average Assets	8.4%	8.4%	8.7%	8.5%	8.8%
Net Charge-offs	$1,120	$590	$2,116	$5,140	$2,848
Net Charge-offs as a % of Average Loans (c)(a)	0.39%	0.20%	0.76%	0.45%	0.28%

(a) Annualized
(b) Period End
(c) Total loans less loans held for sale

FIRSTBANK CORPORATION
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
UNAUDITED

	Dec 31 2008	Sep 30 2008	Dec 31 2007
ASSETS			
Cash and cash equivalents:			
Cash and due from banks	$33,050	$35,589	$42,198
Short term investments	30,662	3,873	3,331
Total cash and cash equivalents	63,712	39,462	45,529
Securities available for sale	113,095	119,756	105,130
Federal Home Loan Bank stock	9,084	8,760	8,007
Loans:			
Loans held for sale	1,408	757	1,725
Portfolio loans:			
Commercial	184,455	206,274	219,080
Commercial real estate	391,572	341,550	311,494
Residential mortgage	403,695	398,963	387,222
Real estate construction	103,206	130,405	126,027
Consumer	75,296	77,018	78,106
Total portfolio loans	1,158,224	1,154,210	1,121,929
Less allowance for loan losses	(14,594)	(12,767)	(11,477)
Net portfolio loans	1,143,630	1,141,443	1,110,452
Premises and equipment, net	26,941	27,565	27,554
Goodwill	35,603	35,603	34,421
Other intangibles	3,881	4,126	5,832
Other assets	27,986	29,581	27,089
TOTAL ASSETS	$1,425,340	$1,407,053	$1,365,739
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits:			
Noninterest bearing accounts	$149,179	$148,762	$152,126
Interest bearing accounts:			
Demand	223,526	216,894	222,371
Savings	154,015	157,681	147,654
Time	489,081	463,193	453,864
Wholesale CD's	31,113	41,512	35,377
Total deposits	1,046,914	1,028,042	1,011,392
Securities sold under agreements to repurchase and overnight borrowings	52,917	55,877	42,791
FHLB Advances and notes payable	162,274	153,865	139,035
Subordinated Debt	36,084	36,084	36,084
Accrued interest and other liabilities	12,168	15,669	17,826
Total liabilities	1,310,357	1,289,537	1,247,128
SHAREHOLDERS' EQUITY			
Preferred stock; no par value, 300,000 shares authorized, none issued			
Common stock; 20,000,000 shares authorized	113,411	112,970	111,436
Retained earnings	686	4,842	6,692
Accumulated other comprehensive income/(loss)	886	(296)	483
Total shareholders' equity	114,983	117,516	118,611
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,425,340	$1,407,053	$1,365,739
Common stock shares issued and outstanding	7,580,620	7,530,235	7,407,198
Principal Balance of Loans Serviced for Others ($mil)	$513.1	$514.5	$515.1
Asset Quality Ratios:			
Non-Performing Loans / Loans (a)	2.14%	1.81%	1.26%
Non-Perf. Loans + OREO / Loans (a) + OREO	2.60%	2.24%	1.54%
Non-Performing Assets / Total Assets	2.12%	1.84%	1.27%
Allowance for Loan Loss as a % of Loans (a)	1.26%	1.11%	1.02%
Allowance / Non-Performing Loans	59%	61%	81%
Quarterly Average Balances:			
Total Portfolio Loans (a)	$1,153,716	$1,156,041	$1,118,551
Total Earning Assets	1,278,675	1,273,716	1,228,740
Total Shareholders' Equity	118,064	118,437	117,960
Total Assets	1,409,644	1,408,393	1,356,106
Diluted Shares Outstanding	7,540,644	7,498,223	7,378,262

(a) Total Loans less loans held for sale

Firstbank
CORPORATION

NEWS RELEASE

FOR IMMEDIATE RELEASE
Date Submitted: February 24, 2009
NASDAQ Symbol: FBMI

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Chief Financial Officer
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Firstbank Corporation Announces First Quarter Cash Dividend

Alma, MI (FBMI) – Thomas R. Sullivan, President and Chief Executive Officer of Firstbank Corporation, announced today that a $0.10 per share quarterly cash dividend will be paid March 19, 2009, to shareholders of record as of March 6, 2009. The $0.10 per share cash dividend compares to $0.225 paid in the prior quarter.

Mr. Sullivan stated, "In evaluating the company's ability and capacity to pay cash dividends the board of directors considers multiple factors including current and estimated future earnings, capital levels, economic conditions, and anticipated credit costs. The company's earnings over the recent past, which have been reduced due to a substantial increase in loan loss provisioning compounded by losses in the investment portfolio, no longer support the previous dividend level. Given the continued weak economic conditions, the board concluded that it would be most prudent to reduce the cash dividend in order to preserve and enhance Firstbank's balance sheet strength in this uncertain environment. This was a very difficult decision, and we want to reassure our shareholders that we are committed to positioning the company for improved earnings and performance.

"The additional capital coming from our participation in the U.S. Treasury's Capital Purchase Program (CPP) also helps insure that our company will maintain a strong capital position as we work towards economic recovery. Our participation in that program does not restrict our ability to pay the former $0.225 dividend, nor does it prohibit us from returning to that level when our board determines that the outlook for earnings warrants such an action."

Firstbank Corporation, headquartered in Alma, Michigan, is a financial services company using a multi-bank-charter format with assets of $1.4 billion and 53 banking offices serving Michigan's Lower Peninsula. Bank subsidiaries include: Firstbank – Alma; Firstbank (Mt. Pleasant); Firstbank – West Branch; Firstbank – St. Johns; Keystone Community Bank; and Firstbank – West Michigan.

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.

Among the most recent banks to receive Treasury funding was Legacy Bancorp of Milwaukee, Wisconsin, a CDFI founded by African-American women and one of the fastest growing community banks in the nation. CDFIs such as Legacy provide vital credit and financial services to low-income areas that are often unavailable from commercial banks.

Farmers and Merchants Bank, which primarily serves farms and rural businesses, became the first Nebraska bank to receive Treasury investments through CPP.

"We believe this investment will enable our institution to take advantage of opportunities to further strengthen our position in the marketplace. In particular, we believe the investment will increase Farmers & Merchants Bank's lending capacity, thereby enhancing our ability to assist our core customers in meeting the challenges of a recessionary environment while positioning them to take full advantage of an economic recovery," said Gerry Dunlap, President and Chief Executive of Country Bankshares, Inc., the bank holding company of Farmers and Merchants Bank.

Also receiving CPP funding was Firstbank Corporation of Alma, Michigan, which operates 53 banking offices throughout the state's Lower Penninsula.

"This additional capital will facilitate expanded service to our customers and the communities we serve in Michigan," said Chief Executive Officer Thomas R. Sullivan. "We plan to use the additional capital to further increase the capacity of our banks to make prudent loans to customers, while serving customer and community needs for deposit and other banking services. This is a time when economies at all levels – local, state, regional, and national – urgently need supportive, quality oriented, well-run banks. As a community banking company with six affiliate banks, we at Firstbank Corporation are excited about the prospects that this additional capital provides."

Under the CPP, Treasury is purchasing up to a total of $250 billion of senior preferred shares from healthy U.S. financial institutions such as those announced today. Institutions that participate in the CPP must comply with restrictions on executive compensation during the period that Treasury holds equity issued through the CPP and agree to limitations on dividends and stock repurchases. Banks participating in the CPP will pay the Treasury a five percent dividend on senior preferred shares for the first five years following the investment and a rate of nine percent per year thereafter. Banks may repay Treasury under the conditions established in the purchase agreements, and Treasury may sell these shares when market conditions stabilize. Further information about the terms of the program, including weekly transactions, can be found at http://www.treas.gov/initiatives/eesa/.

The following is a complete list of banks receiving funding on January 30, 2009:

Arkansas	
Rogers Bancshares, Inc.	$25,000,000
Arizona	
Goldwater Bank, N.A.	$2,568,000
California	
Beach Business Bank	$6,000,000
Central Valley Community Bancorp	$7,000,000
Ojai Community Bank	$2,080,000
Peninsula Bank Holding Co.	$6,000,000
Plumas Bancorp	$11,949,000
Valley Commerce Bancorp	7,700,000
Colorado	
Bankers' Bank of the West Bancorp, Inc.	$12,639,000
Florida	
First Southern Bancorp, Inc.	$10,900,000
Georgia	
Metro City Bank	$7,700,000
Illinois	
PrivateBancorp, Inc.	$243,815,000
Indiana	
AMB Financial Corp.	$3,674,000
Kansas	
Equity Bancshares, Inc.	$8,750,000
UBT Bancshares, Inc.	$8,950,000
Maryland	
Monument Bank	$4,734,000
Annapolis Bancorp, Inc.	$8,152,000
First United Corporation	$30,000,000
Maine	
Katahdin Bankshares Corp.	$10,449,000
Michigan	
Firstbank Corporation	$33,000,000
Flagstar Bancorp, Inc.	$266,657,000
Missouri	
Guaranty Federal Bancshares, Inc.	$17,000,000
North Carolina	
Oak Ridge Financial Services, Inc.	$7,700,000
Nebraska	
Adbanc, Inc	$12,720,000
Country Bank Shares, Inc.	$7,525,000
New Hampshire	
Northway Financial, Inc.	$10,000,000
New Jersey	
Community Partners Bancorp	$9,000,000
Hilltop Community Bancorp, Inc.	$4,000,000
Parke Bancorp, Inc.	$16,288,000
Stewardship Financial Corporation	$10,000,000
Ohio	
Peoples Bancorp Inc.	$39,000,000
Pennsylvania	

DNB Financial Corporation	$11,750,000
First Resource Bank	$2,600,000
South Carolina	
Greer Bancshares Incorporated	9,993,000
Tennessee	
F & M Bancshares, Inc.	$4,609,000
Texas	
Central Bancshares, Inc.	$5,800,000
Virginia	
Central Virginia Bankshares, Inc.	$11,385,000
Middleburg Financial Corporation	$22,000,000
WashingtonFirst Bank	$6,633,000
Washington	
W.T.B. Financial Corporation	$110,000,000
Wisconsin	
Anchor BanCorp Wisconsin Inc.	$110,000,000
Legacy Bancorp, Inc.	$5,498,000