

## Firstbank Corporation (NASDAQ: FBMI; Alma, MI) has agreed to merge with Mercantile Bank Corporation (NASDAQ: MBWM; Grand Rapids, MI)

**Deal Value: \$151.5 million**

Sandler O'Neill acted as exclusive financial advisor and provided a fairness opinion to Firstbank Corporation in this transaction. This is Sandler O'Neill's 90<sup>th</sup> bank and thrift merger transaction since January 1, 2011. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period.<sup>1</sup>

Mercantile Bank Corporation ("Mercantile") and Firstbank Corporation ("Firstbank") jointly announced today the signing of a definitive merger agreement under which Mercantile and Firstbank will merge to create one of the largest banking institutions headquartered in Michigan.

Based on financial results as of June 30, 2013, the combined company would have total assets of \$2.8 billion, deposits of \$2.3 billion and loans of \$2.0 billion. The merger is expected to create the third largest bank headquartered in Michigan by market capitalization and by deposit market share. In addition, the combined company will have a more robust offering of products and services, an enhanced retail delivery system with 53 branches statewide, a more diversified loan portfolio and greater origination capabilities.

"I am extremely pleased to announce the combination of these two great Michigan community banks," said Michael Price, Chief Executive Officer of Mercantile. "This is an exciting opportunity for our customers, our shareholders and our employees to create the premier Michigan community banking franchise."

Thomas Sullivan, Chief Executive Officer of Firstbank, added: "We are very excited to become partners with Mercantile, as our similar cultures and complementary geographies and service strengths make this transaction a natural fit. We see great opportunity in combining to create a bank with enormous potential for future success."

In the merger, Firstbank shareholders will receive a fixed ratio of 1.00 share of Mercantile common stock for each share of Firstbank common stock. This implies a transaction value per share of \$18.77 or approximately \$151.5 million in the aggregate based upon Mercantile's closing price of \$18.77 as of August 14, 2013. Upon closing, Mercantile shareholders will own approximately 52% of the stock in the combined company; Firstbank shareholders will own approximately 48%.

As part of the merger, Mercantile expects to declare and pay a special cash dividend of \$2.00 per share to Mercantile shareholders prior to the closing of the merger, subject to the satisfaction of the closing conditions set forth in the merger agreement.

Under the proposed terms, the transaction is expected to be meaningfully accretive to Mercantile's earnings per share in 2014 and thereafter. Further, it is anticipated that the combined company's capital ratios will be well in excess of regulatory minimums and its tangible common equity to assets ratio will remain strong at approximately 8% (after giving effect to the \$2.00 per share cash dividend).

The combined company's leadership team will be comprised of executives from both organizations. Michael Price will serve as the President and Chief Executive Officer, with Robert Kaminski and Charles Christmas from Mercantile, along with Thomas Sullivan and Samuel Stone from Firstbank completing the executive team. Additionally, the board of directors will be comprised equally of Mercantile and Firstbank directors. Thomas Sullivan will serve as chairman of the board for a period of one year and Michael Price will become chairman of the board thereafter. The combined company will use the Mercantile name and the corporate headquarters will be in Grand Rapids.

The merger agreement has been unanimously approved by the board of directors of each company. The companies expect to consummate the transaction by December 31, 2013, subject to customary closing conditions, including regulatory and shareholders approvals.

### Financial Highlights

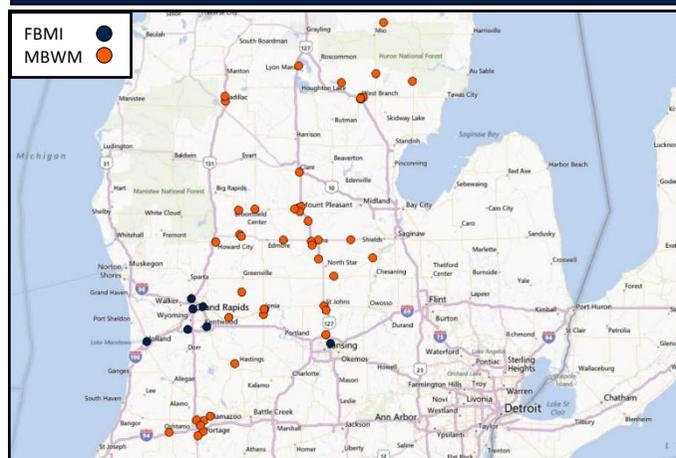
(Dollars in millions)

	Firstbank Corporation	Mercantile Bank Corporation
Total Assets	\$1,457	\$1,344
Net Loans	\$956	\$1,034
Total Deposits	\$1,208	\$1,061
Total Equity	\$132	\$151
Branches	47	7

Financial data as of June 30, 2013

<sup>1</sup> Includes bank or thrift transactions since 2011; excludes terminated transactions, self-advisory roles and does not combine the results of advisors which have merged until the date such merger was completed  
Source: SNL Financial, Press Release

### Pro Forma Map



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