



**2014 Fourth Quarter
Earnings Release
January 28, 2015**

Presented by:

David B. Ramaker

Chairman, Chief Executive Officer and President

Lori A. Gwizdala

Executive Vice President and Chief Financial Officer



2014 Q4 Earnings Release

Supplemental Information

Presented by:

David B. Ramaker

Chairman, Chief Executive Officer
and President

Lori A. Gwizdala

Executive Vice President and Chief
Financial Officer

Forward Looking Statements

This presentation and the accompanying audio presentation may contain forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about the financial services industry, the economy and Chemical Financial Corporation ("Chemical"). Words and phrases such as "anticipates," "believes," "continue," "estimates," "expects," "forecasts," "intends," "is likely," "judgment," "look forward," "opinion," "plans," "predicts," "probable," "projects," "should," "strategic," "trend," "will," and variations of such words and phrases or similar expressions are intended to identify such forward-looking statements. Such statements are based upon current beliefs and expectations and involve substantial risks and uncertainties which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These statements include, among others, statements related to future levels of loan charge-offs, future levels of provisions for loan losses, real estate valuation, future levels of nonperforming assets, the rate of asset dispositions, future capital levels, future dividends, future growth and funding sources, future liquidity levels, future profitability levels, future deposit insurance premiums, the effects on earnings of future changes in interest rates, the future level of other revenue sources, future economic trends and conditions, future initiatives to expand Chemical's market share, expected performance and cash flows from acquired loans, future effects of new or changed accounting standards, future opportunities for acquisitions, opportunities to increase top line revenues, Chemical's ability to grow its core franchise, future cost savings and Chemical's ability to maintain adequate liquidity and capital based on the requirements adopted by the Basel Committee on Banking Supervision and U.S. regulators. All statements referencing future time periods are forward-looking.

Management's determination of the provision and allowance for loan losses; the carrying value of acquired loans, goodwill and mortgage servicing rights; the fair value of investment securities (including whether any impairment on any investment security is temporary or other-than-temporary and the amount of any impairment); and management's assumptions concerning pension and other postretirement benefit plans involve judgments that are inherently forward-looking. There can be no assurance that future loan losses will be limited to the amounts estimated. All of the information concerning interest rate sensitivity is forward-looking. The future effect of changes in the financial and credit markets and the national and regional economies on the banking industry, generally, and on Chemical, specifically, are also inherently uncertain. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("risk factors") that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed or forecasted in such forward-looking statements. Chemical undertakes no obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

This presentation and the accompanying audio presentation may also contain forward-looking statements regarding Chemical's outlook or expectations with respect to the planned acquisitions of Monarch Community Bancorp, Inc. ("Monarch") and Lake Michigan Financial Corporation ("Lake Michigan"), the expected costs to be incurred in connection with the acquisitions, Monarch's and Lake Michigan's future performance and consequences of their integration into Chemical and the impact of the transactions on Chemical's future performance.

Risk factors relating to both of these transactions and the integration of Monarch and Lake Michigan into Chemical after closing include, without limitation:

Completion of the transactions is dependent on, among other things, receipt of regulatory approvals and shareholder approvals from Monarch and Lake Michigan shareholders, the timing of which cannot be predicted with precision at this point and which may not be received at all.

The impact of the completion of the transactions on Chemical's financial statements will be affected by the timing of the transactions.

The transactions may be more expensive to complete and the anticipated benefits, including anticipated cost savings and strategic gains, may be significantly harder or take longer to achieve than expected or may not be achieved in their entirety as a result of unexpected factors or events.

The integration of Monarch's and Lake Michigan's business and operations into Chemical, which will include conversion of operating systems and procedures, may take longer than anticipated or be more costly than anticipated or have unanticipated adverse results relating to Monarch's, Lake Michigan's or Chemical's existing businesses.

Forward Looking Statements (continued)

Chemical's ability to achieve anticipated results from the transactions is dependent on the state of the economic and financial markets going forward. Specifically, Chemical may incur more credit losses from Monarch's and Lake Michigan's loan portfolios than expected and deposit attrition may be greater than expected.

In addition, risk factors include, but are not limited to, the risk factors described in Item 1A of Chemical's Annual Report on Form 10-K for the year ended December 31, 2013. These and other factors are representative of the risk factors that may emerge and could cause a difference between an ultimate actual outcome and a preceding forward-looking statement.

Non-GAAP Financial Measures

This presentation and the accompanying audio presentation may contain certain non-GAAP financial disclosures that are not in accordance with U.S. generally accepted accounting principles ("GAAP"). Chemical uses certain non-GAAP financial measures to provide meaningful, supplemental information regarding its operational results and to enhance investors' overall understanding of Chemical's financial performance. The limitations associated with non-GAAP financial measures include the risk that persons might disagree as to the appropriateness of items comprising these measures and that different companies might calculate these measures differently. These disclosures should not be considered an alternative to Chemical's GAAP results.

No Offer or Solicitation

This communication is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to any merger agreement associated with the Monarch or Lake Michigan transactions or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Additional Information about the Transactions

Chemical has filed a registration statement on Form S-4 with the Securities and Exchange Commission (SEC) to register the securities that the Monarch shareholders will receive if the Monarch transaction is consummated. Chemical will file a registration statement on S-4 with the SEC to register the securities that the Lake Michigan shareholders will receive if the Lake Michigan transaction is consummated. The registration statements contain or will contain a prospectus, a proxy statement for the meeting at which the Monarch or Lake Michigan shareholders will consider approval of the transaction, as applicable, and other relevant documents concerning the transactions. Investors are urged to read the applicable registration statement, the prospectus and proxy statement, and any other relevant documents when they become available because they will contain important information about Chemical, Monarch, Lake Michigan, and the transactions. Investors will be able to obtain the documents free of charge at the SEC's website, www.sec.gov, by contacting Chemical Financial Corporation, 235 East Main Street, P.O. Box 569, Midland, MI 48640-0569, Attention: Ms. Lori A. Gwizdala, Investor Relations, telephone 800-867-9757 or by contacting, as applicable, Monarch Community Bancorp. Inc., 375 N. Willowbrook Road, Coldwater, Michigan 49036, Attention: Ms. Rebecca S. Crabill, Investor Relations, telephone 517-279-3956, or Lake Michigan Financial Corporation, 150 Central Avenue, Holland, Michigan 49423, Attention: Mr. James Luyk, Investor Relations, telephone 616-546-4078. **INVESTORS SHOULD READ THE APPLICABLE PROSPECTUS AND PROXY STATEMENT AND OTHER DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY BEFORE MAKING A DECISION CONCERNING THE TRANSACTIONS.**

Monarch and Lake Michigan, and their respective directors, executive officers, and certain other members of management and employees, may be soliciting proxies from Monarch or Lake Michigan shareholders, as applicable, in favor of the transactions. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of Monarch or Lake Michigan shareholders in connection with the proposed transactions will be set forth in the applicable prospectus and proxy statement when it is filed with the SEC. Free copies of this document may be obtained as described above.



Q4 2014 Highlights

- Continued strong organic loan growth
 - Up 3.4% (\$172 million) in the 4th quarter 2014
 - Up 12.2% (\$565 million) for all of 2014
- Net Income, excluding acquisition-related expenses, up 27.8% over 4th qtr. 2013 and 4.5% over 3rd qtr. 2014
- Solid asset quality ratios
 - NCO/Total Loans ratio of 0.19% in 2014 vs. 0.38% in 2013
 - NPA/Total Assets ratio of 1.17% at December 31, 2014
- Closed Northwestern Bancorp (Northwestern) transaction on October 31, 2014 and completed data conversion in November
- Regulatory approval received on Monarch Community Bancorp transaction
- Announced Lake Michigan Financial Corporation transaction on January 6, 2015



Income Statement Highlights

Financial Highlights

(dollars in thousands except per share data)	2014 4 th Qtr.	2013 4 th Qtr.	2014 3 rd Qtr.
Net interest income	\$58,244	\$51,305	\$53,068
Provision for loan losses	1,500	2,000	1,500
Noninterest income	18,227	13,578	15,351
Operating expenses ⁽¹⁾	52,616	42,405	42,702
Net income	15,305	14,378	16,767
Diluted EPS	0.46	0.48	0.51
Avg. Diluted Shares Outstanding	33,033	30,032	32,956
Return on Avg. Assets	0.87%	0.93%	1.04%
Return on Avg. Shareholders' Equity	7.5%	8.4%	8.4%
Efficiency Ratio	62.2%	63.7%	59.2%
Tangible Equity/Total Assets	8.4%	9.4%	10.5%
Tangible Book Value/Share	\$18.35	\$19.17	\$20.68

Prior-Year Quarter Comparison

- Significant increase in net interest income; attributable to \$565 million, or 12%, growth in total loans over the 12 months ended December 31, 2014
- Impact of acquisition of Northwestern

Prior Quarter Comparison

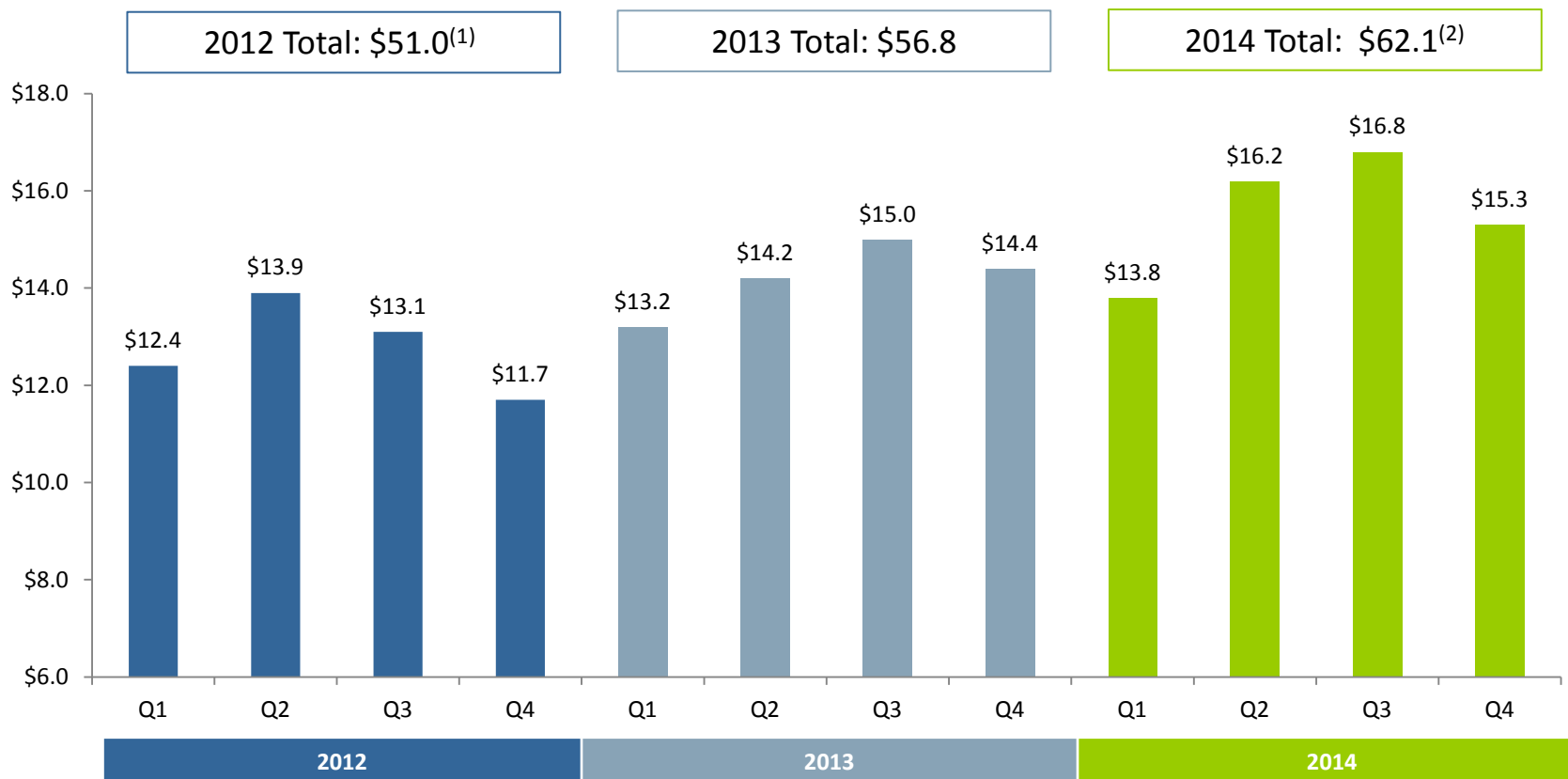
- Increase in net interest income due to continued loan growth
- Impact of acquisition of Northwestern

⁽¹⁾Includes acquisition-related expenses of \$4.1 million in the fourth quarter of 2014 and \$1.3 million in the third quarter of 2014



Net Income

Net Income Trending Upward (\$ Millions)



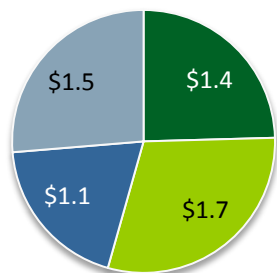
(1) Includes acquisition-related expenses of \$2.9M

(2) Includes acquisition-related expenses of \$6.4M and two months operations of Northwestern

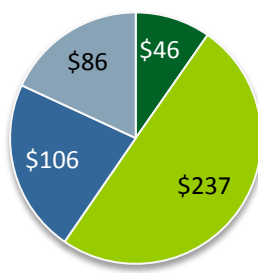


Loan Portfolio & Growth Trends

**Loan Portfolio, \$5.7 Billion,
at December 31, 2014
(\$ Billions)**

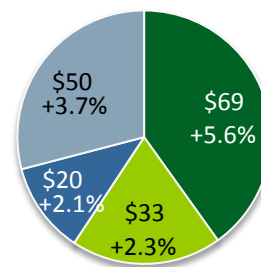


**Northwestern, \$475
Million, at October 31,
2014 (\$ Millions)**

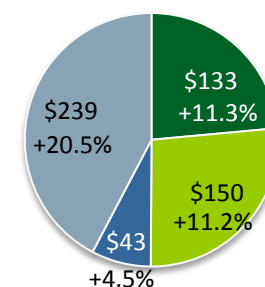


Organic Loan Growth

**2014 Q4, \$172 Million
(\$ Millions)**

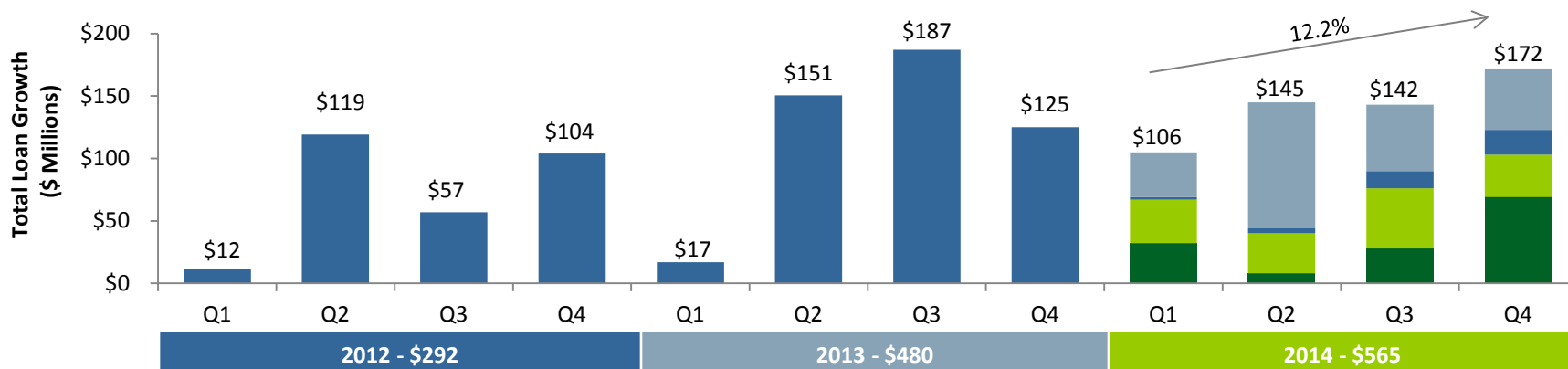


**2014, \$565 Million
(\$ Millions)**



■ Commercial ■ CRE/C&D ■ Residential ■ Consumer

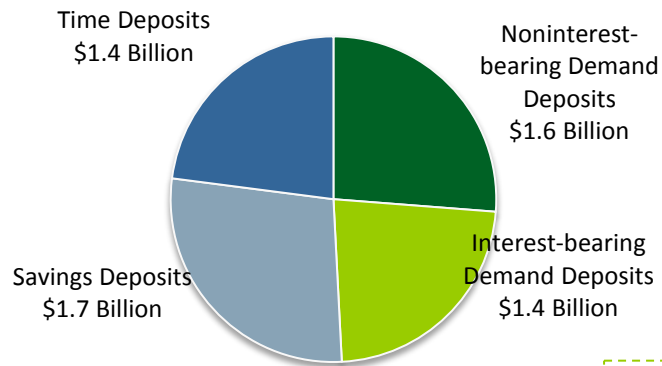
Total Loan Growth Trends (\$ Millions) – Organic Growth



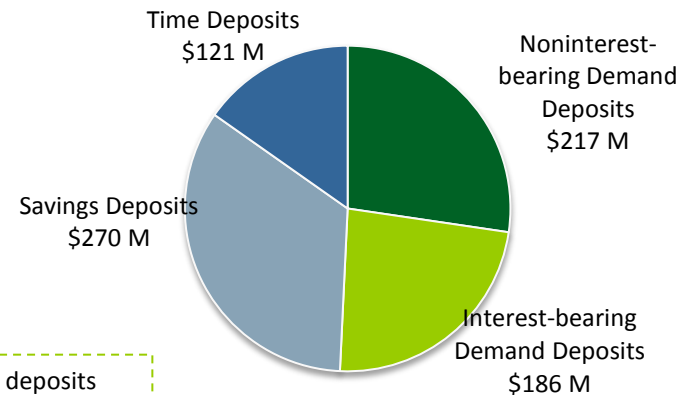


Deposit Composition

Total Deposits, \$6.1 Billion, at December 31, 2014

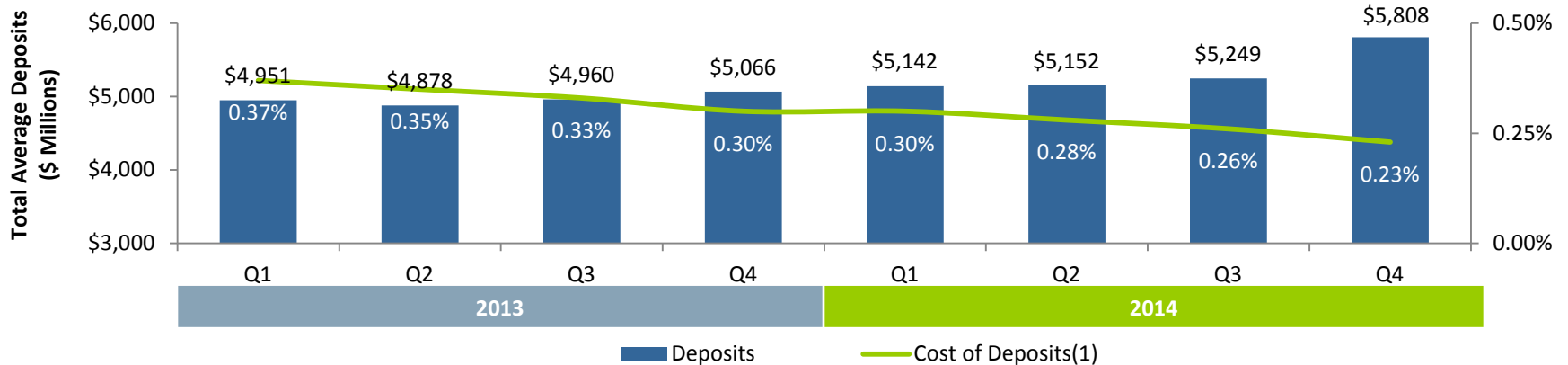


Northwestern, \$794 Million, at October 31, 2014



99% of deposits are core deposits

Average Deposits (\$ Millions) & Cost of Deposits (%)

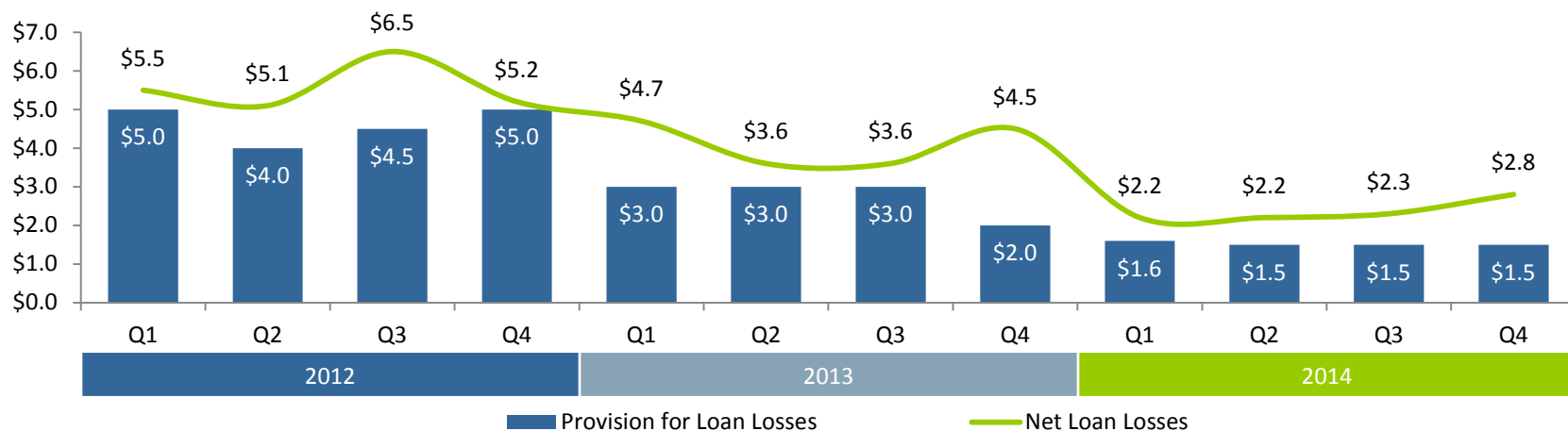


(1) Cost of deposits based on period averages

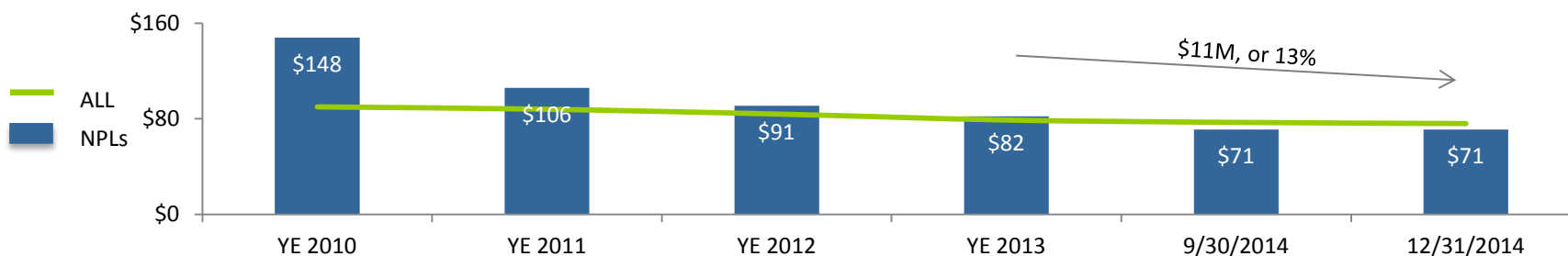


Credit Quality

Provision for Loan Losses vs. Net Loan Losses (\$ Millions)



Nonperforming Loans (NPLs) and Allowance for Loan Losses (ALL) (\$ Millions)

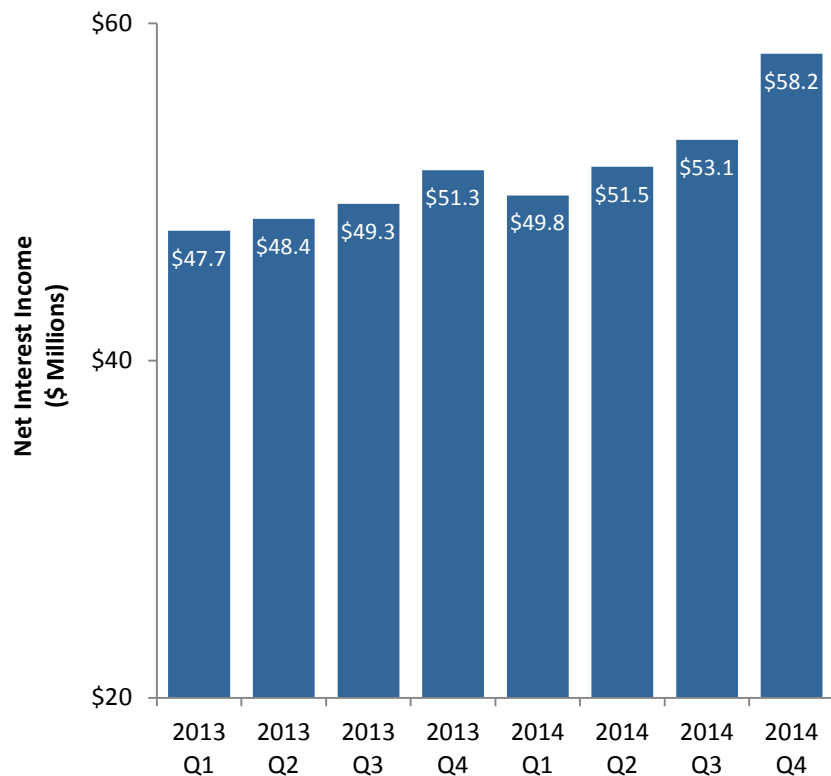


ALL	\$90	\$88	\$84	\$79	\$77	\$76
ALL/ Originated Loans	2.86%	2.60%	2.22%	1.81%	1.60%	1.51%
NPLs/ Total Loans	4.01%	2.77%	2.18%	1.76%	1.40%	1.25%
Credit Mark/ Acquired Loans	6.5%	6.6%	6.0%	7.8%	5.1%	5.4%

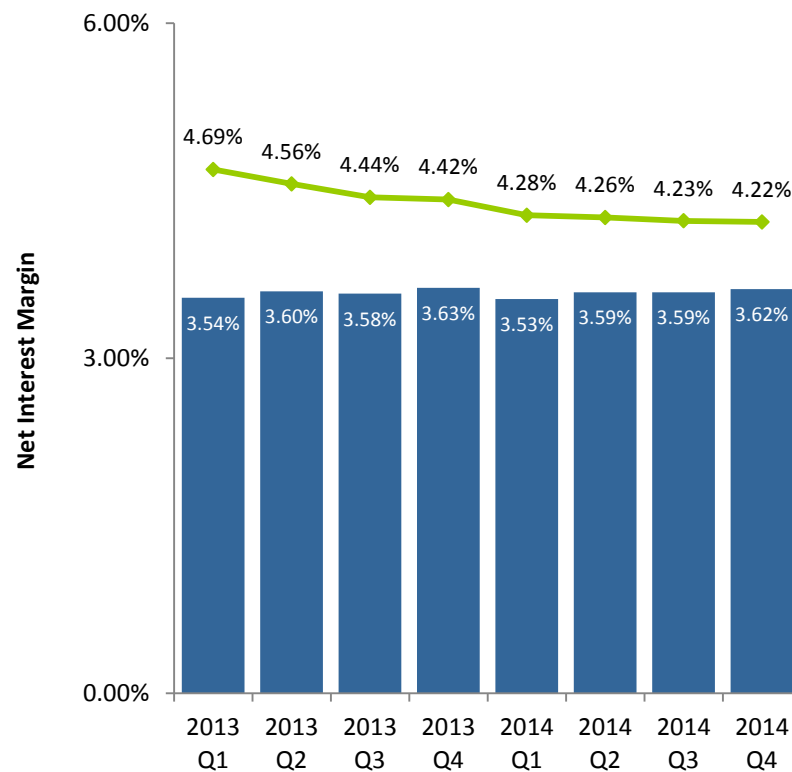


Net Interest Income and Net Interest Margin (Quarterly Trend)

Net Interest Income



Net Interest Margin and Loan Yields



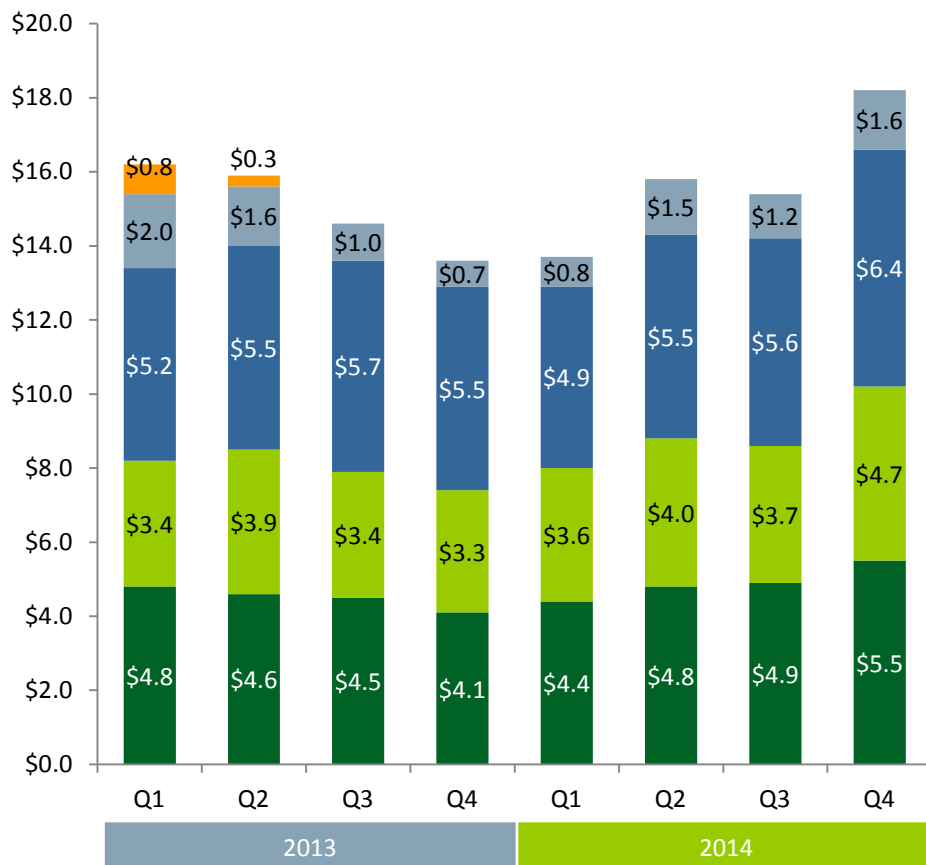
◆ Loan Yields



Non-Interest Income

(\$ Millions)

Quarterly



Annual

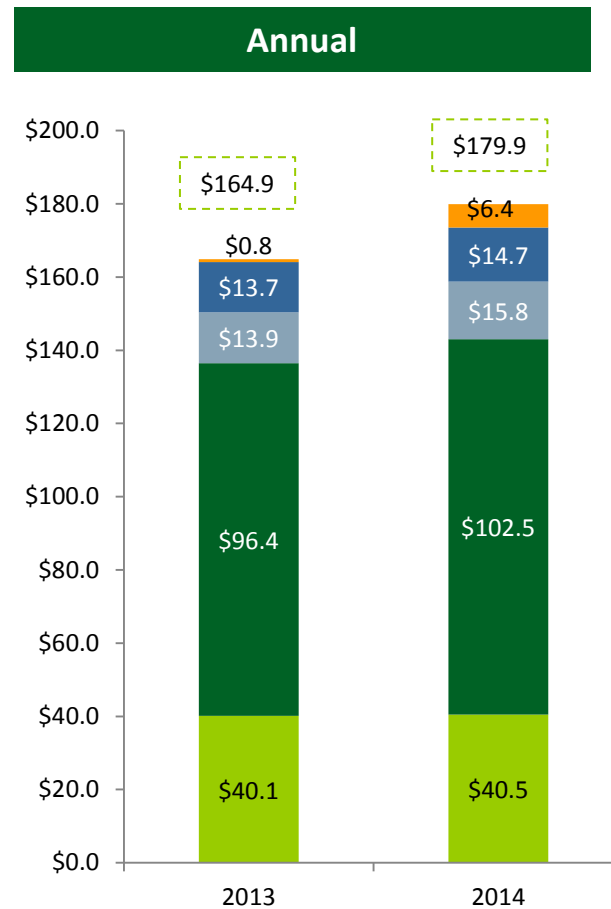
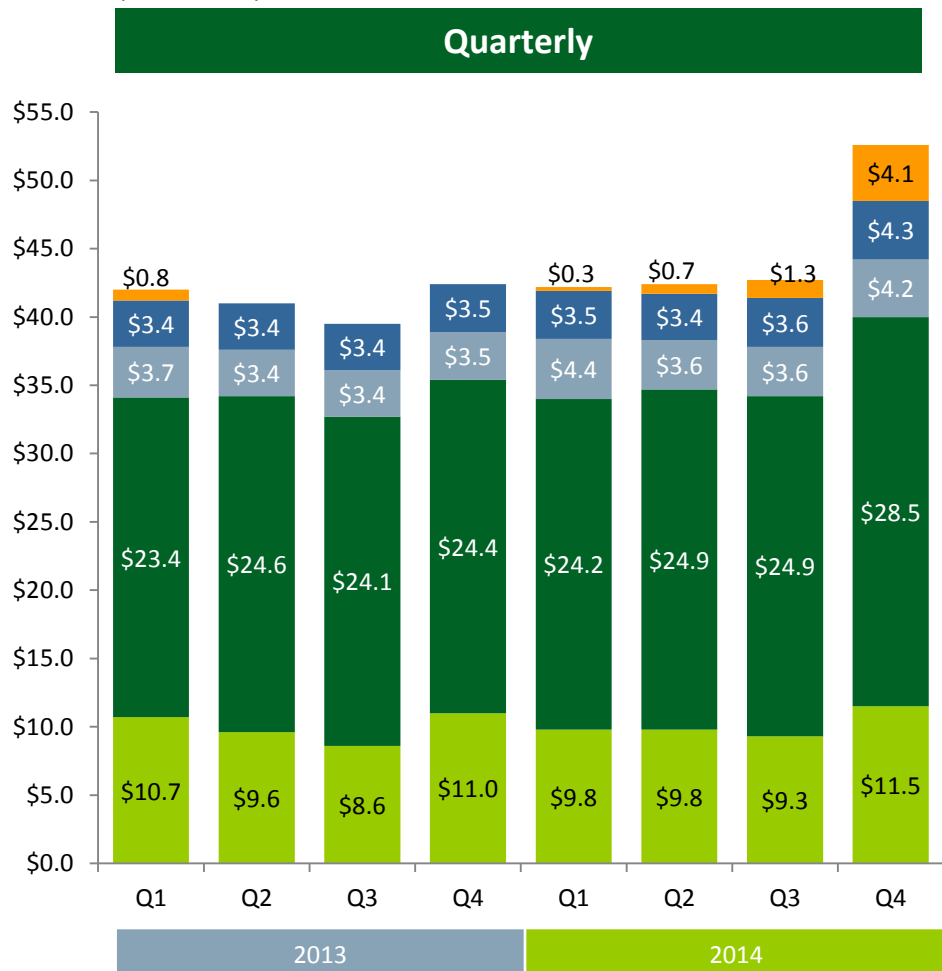


■ Other
 ■ Wealth Management
 ■ Service Charges
 ■ Mortgage Banking Revenue
 ■ Investment Securities Gain



Operating Expenses

(\$ Millions)



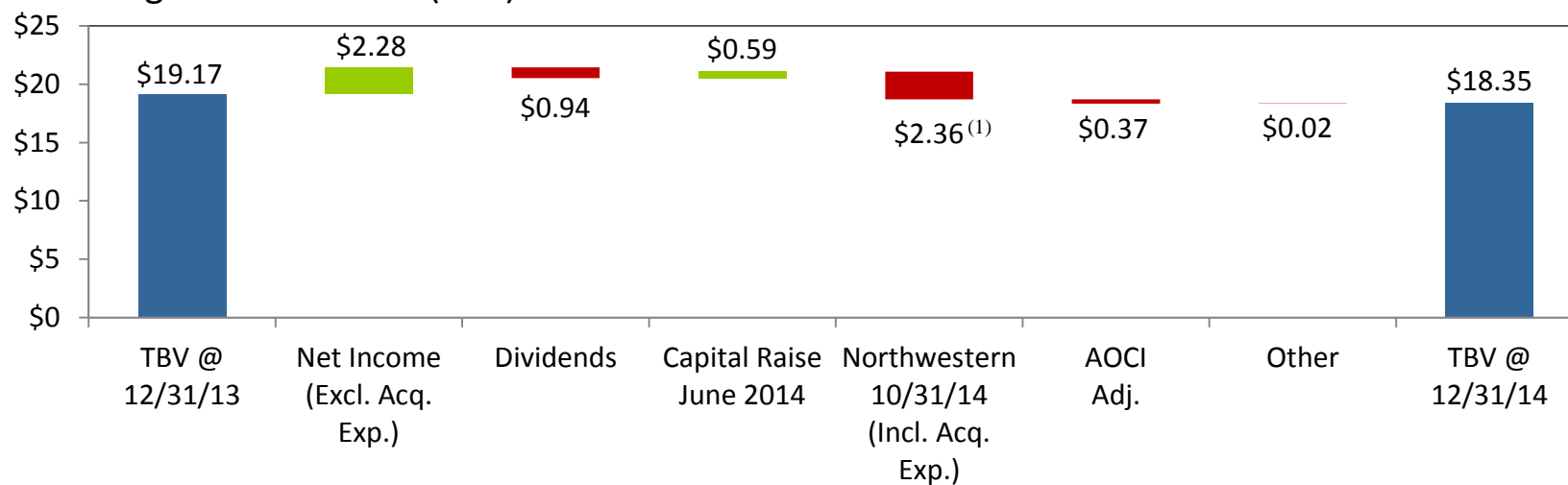
■ Other
 ■ Compensation
 ■ Occupancy
 ■ Equipment
 ■ Nonrecurring Expenses



Capital Ratios

	<u>12/31/13</u>	<u>9/30/14</u>	<u>12/31/14</u>
Tangible Book Value / Share (TBV)	\$19.17	\$20.68	\$18.35
Tangible Equity / Total Assets (TE/A)	9.4%	10.5%	8.4%
Leverage Ratio	9.9%	11.1%	9.3%
Tier 1 Capital	12.7%	13.8%	11.1%
Total Risk Based Capital	14.0%	15.0%	12.4%

Tangible Book Value (TBV) Roll Forward – 2014



⁽¹⁾Intangible assets recorded of \$73 million, including \$60 million of goodwill



Closing Comments

- Emphasize our strategy of being **Michigan's community bank of choice**
- Concentrated on opportunities for **acquisitive growth and industry consolidation**
- Focused on **what we can control**



CHEMICAL
FINANCIAL CORPORATION®

