

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-2
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

INDEPENDENT BANK CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MICHIGAN
(STATE OR OTHER JURISDICTION
OF
INCORPORATION OR
ORGANIZATION)

38-2032782
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

230 WEST MAIN STREET
IONIA, MICHIGAN 48846
(616) 527-9450
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF
REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

WILLIAM R. KOHLS
230 WEST MAIN STREET
IONIA, MICHIGAN 48846
(616) 527-9450
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF AGENT FOR SERVICE)

COPIES TO:

MICHAEL G. WOOLDRIDGE
VARNUM, RIDDERING, SCHMIDT & HOWLETT LLP
333 BRIDGE STREET, N.W.
GRAND RAPIDS, MICHIGAN 49504
(616) 336-6000

JAMES L. NOUSS, JR.
BRYAN CAVE LLP
211 N. BROADWAY, SUITE 3600
ST. LOUIS, MISSOURI 63102-2750
(314) 259-2000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. / /

If the Registrant elects to deliver its latest annual report to security holders, or a complete and legible facsimile thereof, pursuant to Item 11(a)(1) of this Form, check the following box. / /

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES BEING REGISTERED	AMOUNT TO BE REGISTERED(2)	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Depository Shares(1).....	690,000	\$25.00	\$17,250,000	\$5,227.27
Common Stock (\$1.00 par value)...	(3)	--	--	--

- (1) Each Depositary Share represents a 1/4 interest in one share of % Cumulative, Convertible Preferred Stock, Series A ("Preferred Stock").
- (2) Includes 90,000 Depositary Shares which may be sold by the Company to cover over-allotments.
- (3) Such indeterminate number of shares as may be issuable upon conversion of the Preferred Stock, including such additional shares as may be issuable as a result of the adjustments to the conversion price.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

INDEPENDENT BANK CORPORATION

CROSS REFERENCE SHEET

FORM S-2 NUMBER AND CAPTION -----	LOCATION IN PROSPECTUS -----
1. Forepart of the Registration Statement and Outside Front Cover Page of the Prospectus.....	Outside Front Cover
2. Inside Front and Outside Back Cover Pages of Prospectus.....	Inside Front Cover; Available Information; Outside Back Cover
3. Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges.....	Prospectus Summary; Consolidated Financial Data; Risk Factors
4. Use of Proceeds.....	Prospectus Summary; Use of Proceeds
5. Determination of Offering Price.....	Not Applicable
6. Dilution.....	Not Applicable
7. Selling Security Holders.....	Not Applicable
8. Plan of Distribution.....	Underwriting
9. Description of Securities to be Registered.....	Prospectus Summary; Description of Depositary Shares; Description of Capital Stock
10. Interests of Named Experts and Counsel....	Legal Matters; Experts
11. Information with Respect to the Company....	Prospectus Summary; Recent Developments; Price Range of Common Stock and Dividends; Capitalization; Selected Consolidated Financial Data; Management's Discussion and Analysis of Financial Condition and Results of Operations; Business; Incorporation of Certain Documents by Reference; Description of Depositary Shares; Description of Capital Stock; Consolidated Financial Statements
12. Incorporation of Certain Information by Reference.....	Incorporation of Certain Documents by Reference
13. Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....	Not Applicable

SUBJECT TO COMPLETION, DATED OCTOBER 21, 1996

PROSPECTUS

600,000 SHARES

INDEPENDENT BANK LOGO

DEPOSITARY SHARES EACH REPRESENTING A 1/4 INTEREST IN A SHARE OF
% CUMULATIVE, CONVERTIBLE PREFERRED STOCK, SERIES A
(LIQUIDATION PREFERENCE OF \$25 PER DEPOSITARY SHARE)

Each of the 600,000 Depositary Shares offered hereby ("Depositary Shares") represents a one-quarter (1/4) interest in a share of % Cumulative, Convertible Preferred Stock, Series A ("Preferred Stock") of Independent Bank Corporation ("Company") deposited with State Street Bank & Trust Company, as the Depositary and, through the Depositary, entitles the holder to all proportional rights and preferences of the Preferred Stock (including dividend, conversion, voting, redemption, and liquidation rights). The liquidation preference of each Depositary Share is \$25. See "Description of Depositary Shares."

Dividends on the Preferred Stock will be cumulative from the date of issuance and will be payable quarterly on the last business day of each January, April, July, and October of each year, commencing on , 1997, at the rate of % per annum (equivalent to \$ per annum per Depositary Share).

Each share of Preferred Stock will be convertible at the option of the holder into shares of Common Stock, par value \$1.00 per share ("Common Stock"), of the Company at a conversion price of \$ per share of Common Stock (equivalent to a conversion rate of share of Common Stock for each Depositary Share), subject to adjustment in certain events. On , 1996, the last sale price of the Common Stock as reported on the Nasdaq National Market was \$ per share.

The Preferred Stock will not be redeemable prior to , 2001. Thereafter, subject to Federal Reserve Board approval, the Preferred Stock will be redeemable at the option of the Company, in whole or in part, at any time or from time to time, at a price equal to \$25 per Depositary Share, plus in each case accrued and unpaid dividends to the redemption date.

The Depositary Shares have been approved for quotation on the Nasdaq National Market under the symbol "IBCPP."

SEE "RISK FACTORS" COMMENCING ON PAGE 7 FOR INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS.

THE SECURITIES OFFERED BY THIS PROSPECTUS ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE BANK INSURANCE FUND OR THE SAVINGS ASSOCIATION INSURANCE FUND OF THE FEDERAL DEPOSIT INSURANCE CORPORATION, OR ANY OTHER GOVERNMENT AGENCY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT(1)	PROCEEDS TO COMPANY(2)
Per Depositary Share.....	\$25.00	\$	\$
Total(3).....	\$15,000,000	\$	\$

- (1) The Company has agreed to indemnify the Underwriter against certain liabilities under the Securities Act of 1933. See "Underwriting."
- (2) Before deduction of expenses payable by the Company estimated at \$265,000.
- (3) The Company has granted the Underwriter an option exercisable within 30 days from the date of this Prospectus to purchase up to 90,000 additional Depositary Shares on the same terms and conditions set forth above to cover over-allotments, if any. If all such additional shares are purchased, the total Price to Public, Underwriting Discount, and Proceeds to the Company will be \$17,250,000, \$, and \$, respectively. See "Underwriting."

The Depositary Shares are offered by the Underwriter subject to receipt and acceptance by it, prior sale and the Underwriter's right to reject any order in whole or in part and to withdraw, cancel or modify the offer without notice. It is expected that delivery of the Depositary Shares will be made in St. Louis, Missouri on or about , 1996.

October , 1996

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

LOGO

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE DEPOSITARY SHARES OFFERED HEREBY, THE COMMON STOCK, OR BOTH, AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and consolidated financial statements and notes thereto appearing elsewhere in this Prospectus or incorporated by reference herein. Unless otherwise indicated, all information in this Prospectus is based on the assumption that the Underwriter will not exercise its over-allotment option.

THE COMPANY

The Company is a bank holding company with four wholly owned subsidiary banks (the "Banks") engaged in the business of retail and commercial banking in portions of Michigan's lower peninsula. Collectively, the Banks serve over 45 communities, which are principally rural and suburban in nature, through their four main offices and a total of 45 branches and five loan production offices.

Over the past five years, the Company has experienced significant growth in its assets while at the same time retaining a net interest margin that has exceeded 5% of average earning assets. During this same time period, the Company's average return on equity exceeded 15%. Since December 31, 1990, total assets have increased by 119% to \$793.2 million at September 30, 1996. Earnings per share have grown by a compounded annual rate of 14.6% to \$2.38 for the year ended December 31, 1995, from \$1.38 in 1991.

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,				
	1996	1995	1995	1994	1993	1992	1991
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)						
Assets.....	\$793,152	\$574,988	\$590,147	\$516,211	\$482,027	\$403,125	\$406,469
Net income.....	5,819	4,987	6,810	6,031	5,606	5,109	4,018
Net income per share.....	2.02	1.74	2.38	2.09	1.95	1.78	1.38
Return on equity.....	15.78%	15.60%	15.59%	15.22%	15.21%	15.88%	13.56%
Net interest margin.....	5.45	5.69	5.65	5.88	5.85	5.88	5.20

THE COMPANY'S APPROACH TO COMMUNITY BANKING

The Company attributes its past success to the consistent application of community banking practices in predominantly rural and suburban markets. The Company's operating philosophy seeks to preserve those elements of traditional community banking which management believes create a competitive advantage in the markets in which it operates. Accordingly, the Banks emphasize personal service and customer recognition, prompt response to customer needs, convenience, continuity of personnel and management, and commitment to and participation in the community.

DECENTRALIZED MANAGEMENT. The Company vests management of the Banks with the authority to make local pricing and credit decisions to better anticipate customer needs, respond to customer demands, and identify profitable opportunities within their respective markets. While management of each of the Banks is granted the authority to make decisions for its local operations, it is also held accountable for its performance.

CORPORATE ADMINISTRATIVE AND SUPPORT SERVICES. To complement the Company's decentralized management structure and preserve its community banking practices within an expanding franchise, the Company's corporate service departments provide a variety of services to each of the Banks. The Company believes that this partnership between the Banks' management and Company personnel allows the management of each of the Banks to focus on sales and customer service while providing the Company with internal controls, the ability to provide consistent service quality and attain operating efficiencies.

BUSINESS STRATEGY

The ability to profitably deploy the capital generated by the Company's results of operations or otherwise maintain financial leverage is critical to the Company's mission to create value for its shareholders. Much of the Company's recent growth has resulted from acquisitions. The Company will continue to consider opportunities for expansion through selective acquisitions in markets where management believes its community banking approach creates a competitive advantage. As part of this strategy, the Company has agreed to acquire eight branch facilities from First of America Bank -- Michigan, N.A., including approximately \$121.5 million in deposits and \$21.5 million in loans. See "Recent Developments."

In the absence of suitable acquisition candidates, the Company will continue to rely upon the Banks' ability to profitably fund loan growth with nondeposit funding sources, including advances from the Federal Home Loan Bank, as well as traditional deposit based funding sources. The cost of such nondeposit funds is a principal consideration in the Banks' loan and deposit pricing strategies.

The Company intends to continue to focus on the management of its capital resources. The Company's dividend policies and share repurchase plan have been integral components of management's efforts to maintain profitable financial leverage.

THE OFFERING

Securities Offered.....	600,000 Depositary Shares, each representing a one-quarter (1/4) interest in a share of the Company's % Cumulative, Convertible Preferred Stock, Series A.
Liquidation Preference.....	\$25 per Depositary Share (equivalent to \$100 per share of Preferred Stock), plus an amount equal to accrued and unpaid dividends.
Conversion Rights.....	The Preferred Stock is convertible at any time, at the option of the holder, unless previously redeemed, into shares of the Company's Common Stock at a conversion price of \$ per share of Common Stock (equivalent to share of Common Stock for each Depositary Share), subject to adjustment, plus cash or Common Stock in an amount equal to accrued and unpaid dividends.
Payment of Dividends.....	Cumulative from the date of issuance and payable quarterly on the last business day of January, April, July, and October, commencing , 1997, at the annual rate of % (equivalent to \$ per Depositary Share per annum).
Optional Redemption.....	The Depositary Shares may not be redeemed by the Company prior to , 2001. Thereafter, subject to the prior approval of the Federal Reserve Board, the Depositary Shares may be redeemed at the option of the Company, in whole or in part, at any time and from time to time, at a price equal to \$25 per Depositary Share, plus accumulated dividends to the redemption date.
Use of Proceeds.....	The net proceeds to the Company will be used to increase its capital to support recent and pending acquisitions and for other general corporate purposes. See "Recent Developments."
Voting Rights.....	The Depositary Shares do not have voting rights, except in certain limited circumstances. See "Description of Capital Stock -- Preferred Stock."
Nasdaq National Market Symbol.....	IBCPP

SUMMARY CONSOLIDATED FINANCIAL DATA

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,				
	1996	1995	1995	1994	1993(1)	1992(1)	1991(1)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)							
SUMMARY RESULTS OF OPERATIONS							
Interest income.....	\$ 42,598	\$ 33,534	\$ 45,982	\$ 37,820	\$ 34,370	\$ 36,465	\$ 39,175
Interest expense.....	17,548	12,881	17,900	12,585	12,305	15,150	20,538
Net interest income.....	25,050	20,653	28,082	25,235	22,065	21,315	18,637
Provision for loan losses.....	942	477	636	473	657	1,225	1,013
Net interest income after provision for loan losses.....	24,108	20,176	27,446	24,762	21,408	20,090	17,624
Net gains on sale of securities and real estate mortgage loans.....	1,121	295	608	75	1,358	324	48
Other noninterest income.....	2,860	2,361	3,158	3,026	2,540	2,418	2,373
Noninterest expense.....	19,804	15,897	21,702	19,503	17,535	15,703	14,323
Income before federal income tax expense and extraordinary item.....	8,285	6,935	9,510	8,360	7,771	7,129	5,722
Federal income tax expense.....	2,466	1,948	2,700	2,329	2,165	2,020	1,619
Income before extraordinary item.....	5,819	4,987	6,810	6,031	5,606	5,109	4,103
Extraordinary item(2).....	0	0	0	0	0	0	85
Net income.....	\$ 5,819	\$ 4,987	\$ 6,810	\$ 6,031	\$ 5,606	\$ 5,109	\$ 4,018
=====							
PER SHARE DATA(3)							
Net income							
Primary.....	\$ 2.02	\$ 1.74	\$ 2.38	\$ 2.09	\$ 1.95	\$ 1.78	\$ 1.52
Fully diluted.....	2.02	1.74	2.38	2.09	1.95	1.78	1.38
Cash dividends declared.....	0.74	0.66	0.89	0.72	0.50	0.44	0.39
Book value(4).....	17.73	15.81	16.56	14.12	13.57	12.08	10.72
Dividend payment ratio(5).....	36.52%	37.32%	36.80%	34.62%	25.54%	24.13%	26.53%
Weighted average shares outstanding.....	2,878,174	2,859,794	2,861,898	2,890,368	2,878,386	2,865,902	2,980,657
SELECTED BALANCES(4)							
Assets.....	\$793,152	\$574,988	\$590,147	\$516,211	\$482,027	\$403,125	\$406,469
Securities(6).....	149,361	116,307	115,459	130,477	136,147	99,798	93,008
Loans and loans held for sale.....	575,807	417,059	434,091	342,658	288,643	261,634	275,144
Allowance for loan losses.....	6,720	5,249	5,243	5,054	5,053	4,023	3,784
Deposits.....	541,781	408,526	411,624	409,471	423,620	358,874	364,431
Shareholders' equity.....	50,733	44,906	47,025	40,311	39,049	34,467	30,327
Long-term debt.....	7,500	0	0	0	2,750	0	1,287
PERFORMANCE RATIOS(7)							
Net interest margin.....	5.45%	5.69%	5.65%	5.88%	5.85%	5.88%	5.20%
Net income to							
Average common equity(8).....	15.78	15.60	15.59	15.22	15.21	15.88	13.56
Average assets.....	1.16	1.26	1.25	1.25	1.33	1.26	1.00
Efficiency ratio(9).....	66.39	66.24	66.22	66.55	65.27	63.06	65.80
ASSET QUALITY RATIOS(10)							
Allowance for loan losses to loans(4)...	1.19%	1.27%	1.25%	1.50%	1.79%	1.58%	1.38%
Nonperforming loans to loans(4).....	0.61	0.78	0.61	0.84	1.14	1.24	1.74
Allowance for loan losses to nonperforming loans(4).....	194.73	164.08	204.80	178.33	157.27	126.75	78.90
Nonperforming assets to total loans(4).....	0.78	0.99	0.79	1.25	2.08	1.99	2.17
Net loan losses to average loans(7)....	0.11	0.10	0.12	0.16	0.15	0.37	0.30
CAPITAL RATIOS							
Average shareholders' equity to average assets.....	7.32%	8.04%	8.04%	8.22%	8.72%	7.94%	6.82%
Tier 1 risk-based capital ratio(4).....	8.18	11.22	11.49	11.90	13.86	14.03	11.90
Total risk-based capital ratio(4).....	9.44	12.48	12.75	13.03	15.13	15.29	12.56
Leverage ratio(4).....	5.23	7.42	7.58	7.40	7.61	8.05	6.88
RATIO OF EARNINGS TO FIXED CHARGES(11)							
Including interest on deposits.....	1.47x	1.54x	1.53x	1.66x	1.63x	1.47x	1.28x
Excluding interest on deposits.....	2.39	2.88	2.75	6.60	28.95	25.25	10.23

(1) Restated to reflect an acquisition accounted for as a pooling of interests.

See Note 2 to the Company's Consolidated Financial Statements.

(2) The cost, net of related taxes, associated with the early retirement of debt in 1991 is reported as an extraordinary item.

(3) Per share data has been adjusted to give retroactive effect to 5% stock dividends in 1996 and 1995.

(4) At period end.

(5) For 1991, Common Stock cash dividends as a percentage of net income adjusted for preferred stock dividends.

(6) Includes securities available for sale.

(7) Ratios for the nine-month periods are annualized.

(8) For 1991, net income to average common equity has been computed by dividing net income, after deducting dividends on preferred stock then outstanding by average common equity.

(9) Efficiency ratio equals noninterest expense divided by the sum of tax equivalent net interest income, net gains on the sale of securities and loans and other noninterest income.

(10) Loans exclude loans held for sale.

(11) Earnings consist of income before federal income tax plus interest expense. Fixed charges consist of interest expense. The Company does not currently have any preferred stock outstanding.

RISK FACTORS

Prospective investors should carefully consider, together with the other information contained and incorporated by reference in this Prospectus, the following risk factors in evaluating the Company and its business before purchasing the Depositary Shares offered hereby. In particular, prospective investors should note that this Prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and that actual results could differ materially from those contemplated by such statements. The considerations listed below represent certain important factors the Company believes could cause such results to differ. These considerations are not intended to represent a complete list of the general or specific risks that may affect the Company. It should be recognized that other risks may be significant, presently or in the future, and the risks set forth below may affect the Company to a greater extent than indicated.

NO ASSURANCE OF SUCCESSFUL INTEGRATION OF BRANCHES

Based on September 30, 1996 financial information, the acquisition of the eight branches from First of America Bank -- Michigan, National Association ("FOA Branches") by Independent Bank East Michigan ("IBEM"), a subsidiary of the Company, would increase the assets of IBEM by approximately 107% to \$239.4 million. See "Recent Developments." Although the Company has successfully integrated other acquired banks and branch facilities into its operations in the recent past without adversely affecting the level of profitability of such operations, IBEM's ability to integrate the FOA Branches into its current operations without adversely affecting the level of profitability of IBEM or the Company as a whole cannot be assured.

IMPACT OF INTEREST RATE CHANGES

The Company's results of operations are derived from the operations of the Banks and are principally dependent on net interest income, calculated as the difference between interest earned on loans and investments and the interest expense paid on deposits and other borrowings. Like other banks and financial institutions, the Company's interest income and interest expense are affected by general economic conditions and by the policies of regulatory authorities, including the monetary policies of the Board of Governors of the Federal Reserve System ("Federal Reserve Board"). While management has taken measures intended to manage the risks of operating in a changing interest rate environment, there can be no assurance that such measures will be effective in avoiding undue interest rate risk. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Asset/Liability Management."

CREDIT RISKS

As a financial institution, the Company is exposed to the risk that customers to whom the Banks have made loans will be unable to repay those loans according to their terms and that collateral securing such loans (if any) may not be sufficient in value to assure repayment. Credit losses could have a material adverse effect on the Company's operating results.

REGULATORY RISK

The banking industry is heavily regulated. These regulations are primarily intended to protect depositors and the Federal Deposit Insurance Corporation ("FDIC"), not shareholders. Regulations affecting the financial institutions industry are undergoing continuous change, and the ultimate effect of such changes cannot be predicted. Regulations and laws affecting the Company and the Banks may be modified at any time, and new legislation affecting financial institutions may be proposed and enacted. There is no assurance that such modifications or new laws will not materially and adversely affect the business, condition or operations of the Company and the Banks. See "Supervision and Regulation."

COMPETITION

The banking business is highly competitive. The Banks compete with other commercial banks, savings and loan associations, credit unions, mortgage banking companies, securities brokerage companies, insurance companies, and money market mutual funds. Many of these competitors have substantially greater resources than the Company and the Banks and offer certain services that the Company and the Banks do not currently provide. Such competitors may also have greater lending limits than the Banks. The number of competitors may increase as a result of the easing of restrictions on interstate banking effected under the Riegle-Neal Interstate Banking and Efficiency Act of 1994. In addition, non-bank competitors are generally not subject to the extensive regulations applicable to the Company and the Banks. See "Supervision and Regulation."

LIMITATION ON DIVIDENDS

The Company's ability to pay cash dividends on the Preferred Stock and outstanding Common Stock are dependent upon the earnings of and dividends paid by the Banks. Bank regulations, state law, and the terms of current or any future loan agreements may restrict the ability of the Banks to pay dividends to the Company. See "Supervision and Regulation" and Note 15 to the Company's Consolidated Financial Statements.

LACK OF MARKET FOR THE DEPOSITARY SHARES

There is no current market for the Depositary Shares. Although the Depositary Shares have been approved for quotation on the Nasdaq National Market, there can be no assurance that an active public market will develop or be maintained for the Depositary Shares. Stifel, Nicolaus & Company, Incorporated has informed the Company that it presently intends to make a market in the Depositary Shares, but no assurance can be given as to the liquidity of the Depositary Shares in the market. See "Market for the Shares" and "Underwriting."

ADDITIONAL PREFERRED STOCK

The Company's Articles of Incorporation, as amended, authorize the issuance of 200,000 shares of preferred stock, no par value. The Certificate of Designation setting forth the terms of the Preferred Stock designates a total of 172,500 of such shares as % Cumulative, Convertible Preferred Stock, Series A, having a \$100 liquidation preference per share. Additional shares of serial preferred stock may be issued in the future with rights, privileges, and preferences as may be determined by the Board of Directors of the Company. Such preferred stock may be on parity with the shares of Preferred Stock with respect to dividends, conversion, redemption, liquidation and voting rights. In addition, serial preferred stock junior to the shares of Preferred Stock with respect to dividends and liquidation may be issued with greater voting rights than shares of Preferred Stock. The shares of Preferred Stock do not have voting rights except in certain limited circumstances. See "Description of Capital Stock -- Preferred Stock."

EXPOSURE TO LOCAL ECONOMIC CONDITIONS

The success of the Company and the Banks is dependent to a certain extent upon the general economic conditions of the state of Michigan and the geographic markets served by the Banks. No assurance can be given that favorable economic conditions will continue to exist in such markets.

SHARES ARE NOT INSURED -- NO MANDATORY REDEMPTION

The Depositary Shares are not insured by the Bank Insurance Fund ("BIF") or the Savings Association Insurance Fund ("SAIF") of the FDIC or by any other governmental agency. The Company is not required at any time to redeem the Depositary Shares.

RECENT DEVELOPMENTS

The discussion of recent developments contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those projected in such forward-looking statements as a result of, among other things, the factors set forth in the section entitled "Risk Factors."

Effective September 18, 1996, Independent Bank East Michigan ("IBEM"), a subsidiary of the Company, agreed to acquire eight branch banking facilities from First of America Bank -- Michigan, National Association ("FOA Branches"). The FOA Branches are located in the thumb region of eastern Michigan, in the counties of Huron and Tuscola. Two of the FOA Branches are located in the City of Bad Axe and one each in the townships or communities of Caseville, Elkton, Kinde, Ubyly, Sebewaing, and Gagetown. As of September 30, 1996, the FOA Branches had approximately \$121.5 million of deposits and \$21.5 million of loans. The acquisition, which is subject to regulatory approval, is expected to be consummated in December 1996, and will be supported by proceeds from this offering. See "Use of Proceeds." The real and personal property of the FOA Branches are being acquired at net book value, and IBEM will pay a loan premium of 1% on the loans to be acquired and a deposit premium of 6.875% on the deposits to be assumed. The Company anticipates amortizing the core deposit premium on a straight line basis over 12 years.

The acquisition of the FOA Branches allows the Company to continue to expand its branch banking network and further leverage the managerial resources of the Company and IBEM. The FOA Branches are located in markets similar to those historically served by the Banks and are contiguous to the communities that are currently served by IBEM. The acquisition of the FOA Branches will assist in establishing IBEM as a prominent provider of banking services in the thumb region of eastern Michigan.

The following pro forma financial information reflects the impact of the issuance of the Preferred Stock and the purchase of the FOA Branches as if they were acquired by IBEM as of September 30, 1996. This pro forma information is presented for informational purposes only as the purchase of the FOA Branches is not considered the acquisition of a business.

	COMPANY	FOA BRANCHES	ADJUSTMENTS	PRO FORMA COMBINED
	-----	-----	-----	-----
	(IN THOUSANDS)			
ASSETS				
Cash & due from banks.....	\$ 26,601	\$ 98,954	\$ (93,454)(1)(2)	\$ 32,101
Securities.....	159,559	0		
Loans and loans held for sale (net of allowance for loan losses).....	569,087	21,546	215(2)	590,848
Intangible assets.....	9,737	0	8,355(2)	18,092
Other assets.....	28,168	1,581		29,749
	-----	-----	-----	-----
TOTAL ASSETS.....	\$793,152	\$122,081	\$	\$
	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Noninterest bearing.....	\$ 68,685	\$ 10,470		\$ 79,155
Savings and NOW.....	263,841	53,398		317,239
Time.....	209,255	57,613		266,868
	-----	-----	-----	-----
TOTAL DEPOSITS.....	541,781	121,481		663,262
Other borrowings.....	190,959	0	\$ (13,300)(1)	177,659
Other liabilities.....	9,679	600		10,279
	-----	-----	-----	-----
TOTAL LIABILITIES.....	742,419	122,081	(13,300)	851,200
Shareholders' equity.....	50,733	0	(1)	
	-----	-----	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$793,152	\$122,081	\$	\$
	=====	=====	=====	=====

(1) To reflect the anticipated deployment of the cash proceeds from the FOA Branches and the issuance of the Preferred Stock.

(2) To reflect fair value adjustments relating to assets and liabilities recorded.

USE OF PROCEEDS

The net proceeds to the Company from the sale of 600,000 Depositary Shares are estimated to be \$ (if the Underwriter's over-allotment option is exercised in full). The Company will use the proceeds to increase the capital base of IBEM in contemplation of the pending acquisition of the FOA Branches. See "Capitalization." In addition, the proceeds from the offering will assist the Company in maintaining a capital leverage ratio of approximately 5.2% following the pending acquisition of the FOA Branches and the recent acquisition of North Bank Corporation, and may be used for other general corporate purposes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Financial Condition -- Capital Resources." Other than the pending acquisition of the FOA Branches, the Company has no current or contemplated agreements or understandings for any acquisitions. The Preferred Stock represented by the Depositary Shares is expected to qualify as Tier 1 capital under the Federal Reserve Board's Capital Adequacy Guidelines.

MARKET FOR THE DEPOSITARY SHARES

The Depositary Shares have been approved for quotation on the Nasdaq National Market under the symbol IBCPP. Stifel, Nicolaus & Company, Incorporated has informed the Company that it presently intends to make a market in the Depositary Shares. There can be no assurance, however, that an active and liquid trading market will develop or, if developed, that such a market will continue. The offering price and dividend rate have been determined by negotiations among representatives of the Company and the Underwriter, and the offering price of the Depositary Shares may not be indicative of the market price following the offering. See "Underwriting."

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

The Company's Common Stock is traded in the over-the-counter market and reported on the Nasdaq National Market under the symbol "IBCP." On September 30, 1996, Common Stock was held by approximately 1,900 shareholders of record. The following table sets forth, for the quarters indicated, the high and low closing sale prices of the Common Stock and the per share cash dividends paid in such quarters. The prices shown below are supplied by the Nasdaq and reflect interdealer prices; the prices may not include retail markups, markdowns or commissions and have been restated to reflect the Company's 1996 and 1995 five percent stock dividends. The 1996 stock dividend is payable on October 31, 1996, to shareholders of record at the close of business on October 4, 1996. There may have been transactions or quotations at higher or lower prices of which the Company is not aware.

	HIGH	LOW	DIVIDENDS PER SHARE
	-----	-----	-----
YEAR ENDED DECEMBER 31, 1994			
First Quarter.....	\$18.00	\$16.75	\$.18
Second Quarter.....	21.00	17.25	.18
Third Quarter.....	21.25	19.25	.18
Fourth Quarter.....	22.75	20.50	.18
YEAR ENDED DECEMBER 31, 1995			
First quarter.....	\$22.75	\$21.50	\$.22
Second quarter.....	24.00	21.75	.22
Third quarter.....	27.25	23.00	.22
Fourth quarter.....	27.25	25.25	.23
YEAR ENDING DECEMBER 31, 1996			
First quarter.....	\$27.00	\$24.75	\$.25
Second quarter.....	27.75	26.00	.25
Third quarter.....	29.00	27.00	.25
Fourth quarter (through October , 1996).....			

The Board of Directors of the Company intends to continue its present policy of paying quarterly cash dividends on the Common Stock when justified by the financial condition of the Company and the Banks. The declaration and amount of future dividends will depend on circumstances existing at the time, including the Company's earnings, financial condition and capital requirements, as well as regulatory limitations, including limitations on the ability of the Banks to pay dividends to the Company, and such other factors as the Board of Directors may deem relevant. For a discussion of the regulatory approvals necessary for the Banks to pay dividends, see "Supervision and Regulation" and Note 15 to the Company's Consolidated Financial Statements.

CAPITALIZATION

The following table sets forth (i) the consolidated capitalization of the Company at September 30, 1996, and (ii) the consolidated capitalization of the Company on an as adjusted basis giving effect to the issuance of the Depositary Shares offered by the Company hereby and receipt by the Company of the net proceeds therefrom, as if the sale of the Depositary Shares had been consummated on September 30, 1996, and assuming the Underwriter's over-allotment option was not exercised.

	SEPTEMBER 30, 1996	
	ACTUAL	AS ADJUSTED
(IN THOUSANDS)		
LONG-TERM DEBT		
Total long-term debt.....	\$ 7,500	\$ 7,500
SHAREHOLDERS' EQUITY		
Preferred Stock, no par value; 200,000 shares authorized, none issued and outstanding		
% Cumulative, Convertible Preferred Stock, Series A, liquidation preference \$100 per share:		
150,000 shares issued and outstanding, as adjusted.....		
Common Stock, par value \$1.00 per share; 14,000,000 shares authorized, 2,861,399 shares issued and outstanding.....	2,861	
Capital surplus.....	24,256	
Retained earnings.....	23,447	
Net unrealized gain on securities available for sale, net of related tax effect.....	169	
	-----	-----
Total shareholders' equity.....	50,733	
	-----	-----
Total capitalization.....	\$58,233	\$
	=====	=====

The following table sets forth the consolidated capital ratios of the Company (i) at September 30, 1996, (ii) as adjusted giving effect to the issuance of the Depositary Shares offered by the Company hereby and receipt by the Company of the net proceeds therefrom (assuming the Underwriter's over-allotment option was not exercised), and (iii) pro forma as adjusted giving effect to (ii) and to the acquisition of the FOA Branches, as if both transactions had been consummated on September 30, 1996. See "Recent Developments."

	SEPTEMBER 30, 1996		
	ACTUAL	AS ADJUSTED	PRO FORMA AS ADJUSTED

CAPITAL RATIOS			
Shareholders' equity to total assets.....	6.40%	%	%
Leverage ratio(1)(2).....	5.43		
Risk-based capital ratios(2)			
Tier 1 capital to risk-weighted assets.....	8.18		
Total risk-based capital to risk-weighted assets.....	9.44		

(1) The leverage ratio is Tier 1 capital divided by the difference between quarterly average total assets less intangibles. See "Supervision and Regulation -- The Banks."

(2) The capital ratios, as adjusted, are computed including the total estimated net proceeds from the sale of the Depositary Shares, in a manner consistent with Federal Reserve Board guidelines.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data set forth below, insofar as it relates to the five years ended December 31, 1995, are derived from the audited consolidated financial statements of the Company. The data for the nine-month periods ended September 30, 1995 and 1996, have been derived from unaudited interim financial statements; however, in the opinion of the Company, such unaudited interim statements include all adjustments (consisting of normal recurring accruals) necessary to fairly present the data for such periods. The results of operations for the nine-month period ended September 30, 1996, are not necessarily indicative of results to be achieved for the full year. Such data are qualified by reference to the consolidated financial statements included elsewhere in this Prospectus or incorporated by reference and should be read in conjunction with such financial statements and related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,		
	1996	1995	1995	1994	1993(1)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)					
SUMMARY RESULTS OF OPERATIONS					
Interest income.....	\$ 42,598	\$ 33,534	\$ 45,982	\$ 37,820	\$ 34,370
Interest expense.....	17,548	12,881	17,900	12,585	12,305
Net interest income.....	25,050	20,653	28,082	25,235	22,065
Provision for loan losses.....	942	477	636	473	657
Net interest income after provision for loan losses.....	24,108	20,176	27,446	24,762	21,408
Net gains on sale of securities and real estate mortgage loans.....	1,121	295	608	75	1,358
Other noninterest income.....	2,860	2,361	3,158	3,026	2,540
Noninterest expense.....	19,804	15,897	21,702	19,503	17,535
Income before federal income tax expense and extraordinary item...	8,285	6,935	9,510	8,360	7,771
Federal income tax expense.....	2,466	1,948	2,700	2,329	2,165
Income before extraordinary item.....	5,819	4,987	6,810	6,031	5,606
Extraordinary item(2).....	0	0	0	0	0
Net income.....	\$ 5,819	\$ 4,987	\$ 6,810	\$ 6,031	\$ 5,606
PER SHARE DATA(3)					
Net income					
Primary.....	\$ 2.02	\$ 1.74	\$ 2.38	\$ 2.09	\$ 1.95
Fully diluted.....	2.02	1.74	2.38	2.09	1.95
Cash dividends declared.....	0.74	0.66	0.89	0.72	0.50
Book value(4).....	17.73	15.81	16.56	14.12	13.57
Dividend payment ratio(5).....	36.52%	37.32%	36.80%	34.62%	25.54%
Weighted average shares outstanding.....	2,878,174	2,859,794	2,861,898	2,890,368	2,878,386
SELECTED BALANCES(4)					
Assets.....	\$793,152	\$574,988	\$590,147	\$516,211	\$482,027
Securities(6).....	149,361	116,307	115,459	130,477	136,147
Loans and loans held for sale.....	575,807	417,059	434,091	342,658	288,643
Allowance for loan losses.....	6,720	5,249	5,243	5,054	5,053
Deposits.....	541,781	408,526	411,624	409,471	423,620
Shareholders' equity.....	50,733	44,906	47,025	40,311	39,049
Long-term debt.....	7,500	0	0	0	2,750
PERFORMANCE RATIOS(7)					
Net interest margin.....	5.45%	5.69%	5.65%	5.88%	5.85%
Return on average equity(8).....	15.78	15.60	15.59	15.22	15.21
Return on average assets.....	1.16	1.26	1.25	1.25	1.33
Efficiency ratio(9).....	66.39	66.24	66.22	66.55	65.27
ASSET QUALITY RATIOS(10)					
Allowance for loan losses to loans(4).....	1.19%	1.27%	1.25%	1.50%	1.79%
Nonperforming loans to loans(4).....	0.61	0.78	0.61	0.84	1.14
Allowance for loan losses to nonperforming loans(4).....	194.73	164.08	204.80	178.33	157.27
Nonperforming assets to total loans(4).....	0.78	0.99	0.79	1.25	2.08
Net loan losses to average loans(7).....	0.11	0.10	0.12	0.16	0.15
CAPITAL RATIOS					
Average equity to average assets.....	7.32%	8.04%	8.04%	8.22%	8.72%
Tier 1 risk-based capital ratio(4).....	8.18	11.22	11.49	11.90	13.86
Total risk-based capital ratio(4).....	9.44	12.48	12.75	13.03	15.13
Leverage ratio(4).....	5.23	7.42	7.58	7.40	7.61
RATIO OF EARNINGS TO FIXED CHARGES(11)					
Including interest on deposits.....	1.47x	1.54x	1.53x	1.66x	1.63x
Excluding interest on deposits.....	2.39	2.88	2.75	6.60	28.95

1992(1) 1991(1)

(Dollars in Thousands, Except per Share Amounts)

SUMMARY RESULTS OF OPERATIONS	
Interest income.....	\$ 36,465
Interest expense.....	15,150
Net interest income.....	21,315
Provision for loan losses.....	1,225
	18,637
	1,013

Net interest income after provision for loan losses.....	20,090	17,624
Net gains on sale of securities and real estate mortgage loans.....	324	48
Other noninterest income.....	2,418	2,373
Noninterest expense.....	15,703	14,323
	-----	-----
Income before federal income tax expense and extraordinary item...	7,129	5,722
Federal income tax expense.....	2,020	1,619
	-----	-----
Income before extraordinary item.....	5,109	4,103
Extraordinary item(2).....	0	85
	-----	-----
Net income.....	\$ 5,109	\$ 4,018
	=====	=====
PER SHARE DATA(3)		
Net income		
Primary.....	\$ 1.78	\$ 1.52
Fully diluted.....	1.78	1.38
Cash dividends declared.....	0.44	0.39
Book value(4).....	12.08	10.72
Dividend payment ratio(5).....	24.13%	26.53%
Weighted average shares outstanding.....	2,865,902	2,980,657
SELECTED BALANCES(4)		
Assets.....	\$403,125	\$406,469
Securities(6).....	99,798	93,008
Loans and loans held for sale.....	261,634	275,144
Allowance for loan losses.....	4,023	3,784
Deposits.....	358,874	364,431
Shareholders' equity.....	34,467	30,327
Long-term debt.....	0	1,287
PERFORMANCE RATIOS(7)		
Net interest margin.....	5.88%	5.20%
Return on average equity(8).....	15.88	13.56
Return on average assets.....	1.26	1.00
Efficiency ratio(9).....	63.06	65.80
ASSET QUALITY RATIOS(10)		
Allowance for loan losses to loans(4).....	1.58%	1.38%
Nonperforming loans to loans(4).....	1.24	1.74
Allowance for loan losses to nonperforming loans(4).....	126.75	78.90
Nonperforming assets to total loans(4).....	1.99	2.17
Net loan losses to average loans(7).....	0.37	0.30
CAPITAL RATIOS		
Average equity to average assets.....	7.94%	6.82%
Tier 1 risk-based capital ratio(4).....	14.03	11.90
Total risk-based capital ratio(4).....	15.29	12.56
Leverage ratio(4).....	8.05	6.88
RATIO OF EARNINGS TO FIXED CHARGES(11)		
Including interest on deposits.....	1.47x	1.28x
Excluding interest on deposits.....	25.25	10.23

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- (1) Restated to reflect an acquisition accounted for as a pooling of interests. See Note 2 to the Company's Consolidated Financial Statements.
- (2) The cost, net of related taxes, associated with the early retirement of debt in 1991 is reported as an extraordinary item.
- (3) Per share data has been adjusted to give retroactive effect to 5% stock dividends in 1996 and 1995.
- (4) At period end.
- (5) For 1991, Common Stock cash dividends as a percentage of net income adjusted for preferred stock dividends.
- (6) Includes securities available for sale.
- (7) Ratios for the nine-month periods are annualized.
- (8) For 1991, net income to average common equity has been computed by dividing net income, after deducting dividends on preferred stock then outstanding by average common equity.
- (9) Efficiency ratio equals noninterest expense divided by the sum of tax equivalent net interest income, net gains on the sale of securities and loans and other noninterest income.
- (10) Loans exclude loans held for sale.
- (11) Earnings consist of income before federal income tax plus interest expense. Fixed charges consist of interest expense. The Company does not currently have any preferred stock outstanding.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition and results of operations contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results could differ materially from those projected in such forward-looking statements as a result of, among other things, the factors set forth in the section entitled "Risk Factors."

The following presents management's discussion and analysis of the Company's consolidated financial condition and results of operations as of the dates and for the periods indicated. This discussion should be read in conjunction with the Company's Consolidated Financial Statements and the accompanying notes, and other financial data appearing elsewhere in this Prospectus.

OVERVIEW

Over the past five years, the Company has experienced a significant growth in its assets while at the same time retaining a net interest margin that has exceeded 5% of average earning assets. Since December 31, 1990, total assets have increased by 119% to \$793.2 million at September 30, 1996. During this same time period, the Company's average return on equity exceeded 15%. Earnings per share have grown by a compounded annual rate of 14.6% to \$2.38 for the year ended December 31, 1995, from \$1.38 for the year ended December 31, 1991. Earnings per share for the nine months ended September 30, 1996, totaled \$2.02, an increase of 16.1% from earnings of \$1.74 per share for the first nine months of 1995.

Acquisitions of other banks and bank branches accounted for approximately 59% of the \$430.7 million increase in total assets from December 31, 1990, to September 30, 1996. Effective May 31, 1996, the Company acquired North Bank Corporation ("NBC") in exchange for cash consideration totaling \$15.8 million. On the effective date of that transaction ("NBC Acquisition"), NBC's assets and shareholders' equity totaled \$152.0 million and \$9.5 million, respectively, and the Company recorded goodwill totaling \$7.5 million.

On March 7, 1994, the Company acquired KSB Financial, Inc. ("KSB") in exchange for the Company's Common Stock having an aggregate value of \$4.4 million. The transaction ("KSB Acquisition") was accounted for as a pooling of interests and, at the effective date of the transaction, KSB's assets and shareholder equity totaled \$37.2 million and \$2.8 million, respectively. During 1993, the Company acquired American Home Bank and Pioneer Bank ("1993 Acquisitions") in exchange for cash consideration totaling \$7.1 million. On the effective date of these transactions, aggregate assets and shareholders' equity totaled \$66.7 million and \$6.6 million, respectively, and the Company recorded goodwill totaling approximately \$500,000.

The Banks' ability to originate and fund rate-sensitive loans with other borrowings has also provided an opportunity to profitably deploy the capital generated by the retention of earnings ("Alternate Loan Funding Strategy"). Other borrowings and federal funds purchased totaled \$191.0 million at September 30, 1996, compared to \$14.1 million at December 31, 1993. The use of non-deposit sources of funds is structured to complement the Banks' interest-rate risk profile, and the cost of such borrowings is a principal consideration in the Banks' loan and deposit pricing.

RESULTS OF OPERATIONS

SUMMARY. Net income increased by 16.7% to \$5.8 million during the nine months ended September 30, 1996, from \$5.0 million during the comparable period of 1995. Earnings per share during those periods were equal to \$2.02 and \$1.74 in 1996 and 1995, respectively. During 1995, net income increased by 12.9% to a record \$6.8 million or \$2.38 per share. A year earlier, net income increased by 7.6% to \$6.0 million, equal to \$2.09 per share, from \$5.6 million or \$1.95 per share in 1993.

The increases in net income principally reflect increases in average earning assets that resulted from the acquisition of banks as well as the successful implementation of the Alternate Loan Funding Strategy. Average earning assets grew by 61.6% to \$634.1 million during the first nine month period of 1996 from \$392.4

million for the year ended December 31, 1993. Over that same period, the Company's annualized net interest income increased by 51.6% to \$33.5 million in 1996 from \$22.1 million in 1993. In addition to an increase in the absolute level of average earning assets since 1993, the mix of average earning assets has shifted toward higher yielding loans from other earning assets. During the nine months ended September 30, 1996, loans comprised 76.6% of total average earning assets, up from 66.1% for the year ended December 31, 1993.

As a result of the Banks' ability to generate loans, principally single family residential real estate mortgage loans, average earning assets increased by 26.5% to \$634.1 million during the nine-month period in 1996, from \$501.3 million during the comparable period in 1995, and by 15.1% to \$513.4 million during 1995, from \$446.0 million in 1994. During those respective periods, net interest income increased by 21.3% and 11.3%. The recent NBC Acquisition also contributed to the increase in average earning assets and net interest income during 1996.

KEY PERFORMANCE RATIOS

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,		
	1996	1995	1995	1994	1993
Return on					
Average assets.....	1.16%	1.26%	1.25%	1.25%	1.33%
Average common equity.....	15.78	15.60	15.59	15.22	15.21
Income per common share(1).....	\$2.02	\$1.74	\$2.38	\$2.09	\$1.95

(1) Adjusted to give retroactive effect to 5% stock dividends in 1996 and 1995.

The increase in the Company's return on average equity, relative to its return on average assets, reflects management's efforts to profitably maintain or enhance financial leverage within management's established risk parameters. As a result of the NBC Acquisition and the Alternate Loan Funding Strategy, the Company's leverage ratio (average assets divided by average equity) increased to 13.66 during the nine months ended September 30, 1996. During 1995, the leverage ratio was equal to 12.44, compared to 12.16 and 11.47 in 1994 and 1993, respectively.

NET INTEREST INCOME. Tax equivalent net interest income increased by 21.1% to \$25.9 million during the nine months ended September 30, 1996, from \$21.3 million during the comparable period a year earlier. The increase principally reflects the \$132.9 million increase in average earning assets generated by the Alternate Loan Funding Strategy and the NBC Acquisition. Tax equivalent net interest income as a percent of average earning assets declined to 5.45% during the nine months ended September 30, 1996, from 5.69% during the comparable period in 1995. Management attributes a portion of the 24 basis point decline to the cost of non-deposit funds that were used to implement the Alternate Loan Funding Strategy. The interest paid on unsecured borrowings that were used to fund the NBC Acquisition offset a portion of the increase in tax equivalent net interest income.

The following table sets forth the average balance, the interest earned or paid thereon and the effective interest rate for each major category of interest-earning assets and interest-bearing liabilities for the nine months ended September 30, 1996 and 1995.

AVERAGE BALANCES AND TAX EQUIVALENT RATES

	NINE MONTHS ENDED SEPTEMBER 30,					
	1996			1995		
	AVERAGE BALANCE	INTEREST	YIELD/COST(3)	AVERAGE BALANCE	INTEREST	YIELD/COST(3)
	(DOLLARS IN THOUSANDS)					
ASSETS						
Loans -- all domestic(1)(2)....	\$485,407	\$ 35,367	9.73%	\$369,777	\$ 27,225	9.84%
Taxable securities.....	98,326	4,873	6.62	95,985	4,572	6.37
Tax-exempt securities(2).....	37,618	2,522	8.96	30,315	2,163	9.54
Other investments.....	12,777	636	6.65	5,197	264	6.79
Interest earning assets.....	634,128	43,398	9.14	501,274	34,224	9.13
Cash and due from banks.....	19,792			15,944		
Other assets, net.....	18,913			14,046		
Total assets.....	\$672,833			\$531,355		
LIABILITIES						
Savings and NOW.....	\$242,641	4,484	2.47	\$219,985	4,227	2.57
Time deposits.....	178,671	7,114	5.32	138,871	4,966	4.78
Long-term debt.....	4,518	241	7.13			
Other borrowings.....	133,447	5,709	5.72	80,178	3,688	6.15
Interest bearing liabilities.....	559,277	17,548	4.19	439,034	12,881	3.92
Demand deposits.....	56,687			44,022		
Other liabilities.....	7,603			5,559		
Shareholders' equity.....	49,266			42,740		
Total liabilities and shareholders' equity....	\$672,833			\$531,355		
Net interest income.....		\$ 25,850			\$ 21,343	
Net interest income as a percent of earning assets.....			5.45%			5.69%

(1) Interest on loans includes net origination fees totaling \$2.4 million and \$2.0 million for the nine-month periods in 1996 and 1995, respectively.

(2) Interest on tax-exempt securities has been adjusted to reflect preferential taxation. The adjustment assumes a marginal tax rate of 34% for each of the nine-month periods.

(3) Interest income and expense for the nine-month periods have been annualized.

Tax equivalent net interest income increased by 10.7% to \$29.0 million during 1995 and by 14.1% to \$26.2 million in 1994. Such increases reflect double-digit percentage increases in average earning assets during those periods. Average earning assets increased by 15.1% to \$513.4 million during 1995, and by 13.6% to \$446.0 million during 1994. The Alternate Loan Funding Strategy accounted for approximately 90% of the \$67.4 million increase in average earning assets during 1995, while the 1993 Acquisitions accounted for approximately 70% of the \$53.5 million increase in average earning assets for the prior year.

The following table sets forth the average balance, the interest earned or paid thereon and the effective interest rate for each major category of interest-earning assets and interest-bearing liabilities for the years ended December 31, 1995, 1994 and 1993.

AVERAGE BALANCES AND TAX EQUIVALENT RATES

	YEAR ENDED DECEMBER 31,								
	1995			1994			1993		
	AVERAGE BALANCE	INTEREST	YIELD/ COST	AVERAGE BALANCE	INTEREST	YIELD/ COST	AVERAGE BALANCE	INTEREST	YIELD/ COST
	(DOLLARS IN THOUSANDS)								
ASSETS									
Loans -- all									
domestic(1)(2).....	\$382,644	\$ 37,654	9.84%	\$294,968	\$ 28,936	9.81%	\$259,334	\$ 26,001	10.03 %
Taxable securities.....	93,064	5,919	6.36	108,905	6,537	6.00	88,869	5,976	6.73
Tax-exempt securities(2)....	31,516	2,914	9.25	29,763	2,857	9.60	28,881	2,761	9.56
Other investments.....	6,153	421	6.84	12,335	460	3.73	15,359	535	3.48
Interest earning assets...	513,377	46,908	9.14	445,971	38,790	8.70	392,443	35,273	8.99
Cash and due from banks.....	16,091			14,359			13,996		
Other assets, net.....	14,115			21,491			16,226		
Total assets.....	\$543,583			\$481,821			\$422,665		
	=====			=====			=====		
LIABILITIES									
Savings and NOW.....	\$217,721	5,515	2.53	\$213,590	4,819	2.26	\$185,419	4,887	2.64
Time deposits.....	141,292	6,955	4.92	150,036	6,273	4.18	150,536	7,140	4.74
Long-term debt.....				2,195	120	5.47	525	28	5.33
Other borrowings.....	89,048	5,430	6.10	28,481	1,373	4.82	8,010	250	3.12
Interest bearing liabilities.....	448,061	17,900	4.00	394,302	12,585	3.19	344,490	12,305	3.57
Demand deposits.....	46,539			41,910			37,426		
Other liabilities.....	5,296			5,989			3,900		
Shareholders' equity.....	43,687			39,620			36,849		
Total liabilities and shareholders' equity.....	\$543,583			\$481,821			\$422,665		
	=====			=====			=====		
Net interest income...		\$ 29,008			\$ 26,205			\$ 22,968	
		=====			=====			=====	
Net interest income as a percent of earning assets.....			5.65%			5.88%			5.85 %

(1) Interest on loans includes net origination fees totaling \$2.7 million, \$2.6 million, and \$2.2 million in 1995, 1994, and 1993, respectively.

(2) Interest on tax-exempt securities has been adjusted to reflect preferential taxation. The adjustment assumes a marginal tax rate of 34% for each of the three years. For purposes of analysis, tax-exempt loans are included in tax-exempt securities.

Tax equivalent net interest income was equal to 5.65% of average earning assets during 1995 compared to 5.88% and 5.85% in 1994 and 1993, respectively. Management attributes the 23 basis point decline during 1995 to the average cost of other borrowings utilized to fund its Alternate Loan Funding Strategy. In view of the respective contributions to net income and the Company's return on average equity, management believes that its Alternate Loan Funding Strategy is consistent with its goal to profitably deploy capital.

The following table sets forth certain information regarding changes in interest income and interest expense of the Company for the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to: (i) changes in volume (changes in volume multiplied by the prior period's rate); and (ii) changes in rates (change in rate multiplied by the prior period's volume).

CHANGE IN TAX EQUIVALENT NET INTEREST INCOME

	NINE MONTHS ENDED SEPTEMBER 30, 1996 COMPARED TO 1995			YEAR ENDED DECEMBER 31,					
				1995 COMPARED TO 1994			1994 COMPARED TO 1993		
	VOLUME	RATE	NET	VOLUME	RATE	NET	VOLUME	RATE	NET
	(DOLLARS IN THOUSANDS)								
Increase (decrease) in interest income(1)									
Loans -- all domestic.....	\$8,428	\$(286)	\$8,142	\$8,627	\$ 91	\$8,718	\$3,506	\$ (571)	\$2,935
Taxable securities.....	113	188	301	(991)	373	(618)	1,255	(694)	561
Tax-exempt securities(2)....	496	(137)	359	165	(108)	57	85	11	96
Other investments.....	377	(5)	372	(303)	264	(39)	(111)	36	(75)
Total interest income....	9,414	(240)	9,174	7,498	620	8,118	4,735	(1,218)	3,517
Increase (decrease) in interest expense									
Savings and NOW.....	423	(166)	257	95	601	696	688	(756)	(68)
Time deposits.....	1,539	609	2,148	(382)	1,064	682	(24)	(843)	(867)
Long-term debt.....	241	0	241	(120)	0	(120)	91	1	92
Other borrowings.....	2,295	(274)	2,021	3,594	463	4,057	930	193	1,123
Total interest expense...	4,498	169	4,667	3,187	2,128	5,315	1,685	(1,405)	280
Net interest income.....	\$4,916	\$(409)	\$4,507	\$4,311	\$(1,508)	\$2,803	\$3,050	\$ 187	\$3,237

(1) The change in interest due to changes in both balance and rate has been allocated to change due to balance and change due to rate in proportion to the relationship to the absolute dollar amounts of change in each.

(2) Interest on tax exempt securities has been adjusted to reflect preferential taxation. The adjustment assumes a marginal tax rate of 34% for each of the three years.

The following table sets forth the composition of average interest-earning assets and interest-bearing liabilities as a percent of average total interest-earning assets for each of the periods indicated.

COMPOSITION OF AVERAGE EARNING ASSETS AND INTEREST PAYING LIABILITIES

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,		
	1996	1995	1995	1994	1993
As a percent of average earning assets					
Loans -- all domestic.....	76.55%	73.77%	74.53%	66.14%	66.08%
Other earning assets.....	23.45	26.23	25.47	33.86	33.92
Average earning assets.....	100.00%	100.00%	100.00%	100.00%	100.00%
Savings and NOW.....	38.26%	43.89%	42.41%	47.89%	47.25%
Time deposits.....	28.18	27.70	27.52	33.64	38.36
Other borrowings and long-term debt.....	21.76	16.00	17.35	6.88	2.17
Average interest bearing liabilities.....	88.20%	87.59%	87.28%	88.41%	87.78%
Earning asset ratio.....	94.25%	94.34%	94.44%	92.56%	92.85%
Free-funds ratio(1).....	11.80	12.41	12.72	11.59	12.22

(1) Represents the percentage of average earning assets that are funded by non-interest bearing liabilities and capital.

Increases in loans as a percent of average earning assets has had a favorable impact on tax equivalent net interest income as a percent of average earning assets. For the first nine months of 1996 and 1995, loans were equal to approximately 76.6% and 73.8% of average earning assets, respectively. Loans were equal to approximately 74.5% of average earning assets in 1995 and 66.1% in both 1994 and 1993. Management expects that the consummation of the pending acquisition of the FOA Branches will initially reduce loans as a percent of average earning assets and will have a corresponding negative impact on the Company's tax equivalent net interest income as a percent of average earning assets. Over time, management expects to reinvest the assets into loans following consummation of the transaction.

PROVISION FOR LOAN LOSSES. In addition to a subjective analysis of general and local economic conditions, management's assessment of the allowance for loan losses is based upon the amount and composition of loan balances, a systematic review of specific credits and historical loss experience, as well as the absolute level of nonperforming and impaired loans.

The provision for loan losses totaled \$942,000 during the nine months ended September 30, 1996. The increase from \$477,000 during the comparable period in 1995 resulted from the application of management's allocation methodology (as described above) to the loans associated with the NBC Acquisition and the increase in loans, excluding loans held for sale ("Portfolio Loans").

The provision for loan losses totaled \$636,000 in 1995, compared to \$473,000 in 1994 and \$657,000 in 1993. Increases in the provision during 1995 principally reflect the increase in Portfolio Loans. The decrease in the provision during 1994 reflects a subsequent decline in substandard assets that had been acquired as a result of the 1993 Acquisitions and the KSB Acquisition in 1994, and the corresponding increase in the unallocated portion of the allowance for loan losses.

NONINTEREST INCOME. Noninterest income increased by 49.9% during the nine-months ended September 30, 1996, from \$2.7 million during the comparable period in 1995. The increase reflects increases in net gains on the sale of real estate mortgage loans, as well as increases in service charges on deposit accounts and other income.

Noninterest income totaled \$3.8 million in 1995 compared to \$3.1 million and \$3.9 million in 1994 and 1993, respectively. The increase in net gains on real estate mortgage loans accounted for approximately 72% of the \$665,000 increase in noninterest income during 1995. A year earlier, a decline in net gains on the sale of such loans and net losses on the sale of securities available for sale accounted for the \$797,000 decrease in noninterest income.

The following table sets forth the principal components of noninterest income for each of the periods indicated.

NONINTEREST INCOME

	NINE MONTHS ENDED		YEAR ENDED DECEMBER 31,		
	SEPTEMBER 30,		1995	1994	1993
	1996	1995	1995	1994	1993
	(IN THOUSANDS)				
Service charges on deposit accounts.....	\$1,641	\$1,439	\$1,919	\$1,892	\$1,589
Net gains (losses) on asset sales					
Real estate mortgage loans.....	1,251	405	728	249	721
Securities.....	(130)	(110)	(120)	(174)	637
Real estate mortgage loan servicing.....	299	273	371	335	217
PrimeVest commission.....	82	55	73	120	139
Other.....	838	594	795	679	595
	-----	-----	-----	-----	-----
Total noninterest income.....	\$3,981	\$2,656	\$3,766	\$3,101	\$3,898
	=====	=====	=====	=====	=====

Service charges on deposit accounts, the largest component of noninterest income, totaled \$1.6 million and \$1.4 million during the nine months ended September 30, 1996 and 1995, respectively. The \$202,000 increase in service charges reflects the NBC Acquisition. During 1995, such service charges totaled \$1.9 million, essentially unchanged from 1994. The \$303,000 increase to \$1.9 million in 1994 from \$1.6 million in 1993, principally reflects the impact of the 1993 Acquisitions.

Net gains on the sale of real estate mortgage loans totaled \$1.3 million and \$405,000 during the nine months ended September 30, 1996 and 1995, respectively. Such gains totaled \$728,000 in 1995, compared to \$249,000 in 1994 and \$721,000 in 1993.

Although the majority of the 209% increase in net gains on the sale of real estate loans during 1996 reflects favorable economic conditions and an increase in loans sold, management attributes 45% of the increase to the impact of Statement of Financial Accounting Standards No. 122, "Accounting for Mortgage Servicing Rights" ("SFAS #122"), and the increased sale of related servicing rights. See "Statements of Financial Accounting Standards."

In addition to an increase in loans sold, the 192% increase during 1995 reflects an increase in net gains as a percent of real estate mortgage loans sold. The overall decline in net gains during 1994 reflects the combined effects of a decrease in loans sold as well as a decrease in net gains as a percent of loans sold.

The following table sets forth certain information with respect to the origination and sale of real estate mortgage loans, including the net gains recognized on the sale of such loans.

NET GAINS ON THE SALE OF REAL ESTATE MORTGAGE LOANS

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,		
	1996	1995	1995	1994	1993
(DOLLARS IN THOUSANDS)					
Real estate mortgage loan originations.....	\$166,100	\$118,100	\$163,500	\$97,800	\$80,200
Real estate mortgage loan sales.....	80,000	33,400	52,000	38,100	50,100
Real estate mortgage loan servicing rights sold.....	28,800	11,900	19,700	1,500	500
Net gains on the sale of real estate mortgage loans.....	1,251	405	728	249	721
Net gains as a percent of real estate mortgage loan sales.....	1.56%	1.21%	1.40%	0.65%	1.44%

Consistent with management's desire to maintain profitable leverage, the Banks continue to retain rate-sensitive real estate mortgage loans and sell the majority of fixed-rate obligations. See "Financial Condition -- Asset/Liability Management." Accordingly, the volume of loans sold is dependent upon the Banks' ability to sustain or increase the origination of real estate mortgage loans as well as consumer demand for fixed-rate loans. Net gains on the sale of such loans are also dependent upon economic and competitive factors as well as the Banks' ability to effectively manage exposure to changes in interest rates.

To maintain customer relationships, the Banks have historically retained servicing rights on real estate mortgage loans sold. During the nine months ended 1996 and the year ended 1995, however, the Banks sold the related servicing rights on \$28.8 million and \$19.7 million, respectively, of real estate mortgage loans, principally loans underwritten pursuant to government guarantees and loans that have been originated in markets that are not served by the Banks' branch networks.

The Company realized net losses of \$130,000 and \$110,000 on the sale of securities available for sale during the nine months ended September 30, 1996 and 1995, respectively. The Company also realized net losses of \$120,000 in 1995 and \$174,000 in 1994 compared to net gains of \$637,000 in 1993. Future gains and losses will be dependent upon the Banks' asset/liability management needs as well as the slope of the yield curve, the level of interest rates and other pertinent factors. See "Financial Condition -- Asset/Liability Management."

NONINTEREST EXPENSE. Noninterest expense totaled \$19.8 million and \$15.9 million during the nine months ended September 30, 1996 and 1995, respectively. Noninterest expense totaled \$21.7 million in 1995 compared to \$19.5 million in 1994 and \$17.5 million in 1993. Salaries and benefits are the largest component of noninterest expense and account for the majority of the increase in total noninterest expense. A reduction in FDIC insurance assessments, however, limited the increase in total noninterest expense.

The following table sets forth the principal components of noninterest expense for each of the periods indicated.

NONINTEREST EXPENSE

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,		
	1996	1995	1995	1994	1993
	(IN THOUSANDS)				
Salaries.....	\$ 7,450	\$ 5,887	\$ 8,005	\$ 7,817	\$ 6,593
Performance-based compensation and benefits....	2,280	1,703	2,351	1,052	1,182
Other benefits.....	1,674	1,313	1,807	1,693	1,541
Total salaries and benefits.....	11,404	8,903	12,163	10,562	9,316
Occupancy, net.....	1,458	1,135	1,548	1,392	1,237
Furniture and fixtures.....	1,337	975	1,345	1,248	968
Loan and collection.....	396	748	1,030	626	724
Deposit insurance.....	92	454	499	966	858
Other.....	5,117	3,682	5,117	4,709	4,432
Total noninterest expense.....	\$19,804	\$15,897	\$21,702	\$19,503	\$17,535

The Company and the Banks maintain compensation policies and practices that are intended to provide incentives for superior performance and align the interests of officers and employees with those of the Company's shareholders. Such "pay for performance" compensation plans include annual cash performance awards, the Employee Stock Ownership Plan, the Employee Stock Option Plan and the Incentive Share Grant Plan. Including commissions relating to the origination of real estate mortgage loans, aggregate performance-based compensation accounts for approximately 23% of the \$2.5 million increase in salaries and benefits during the nine months ended September 30, 1996, and approximately 81% of the \$1.6 million increase during 1995.

The NBC Acquisition and the 1993 Acquisitions also had a substantive impact on salaries and benefits as well as total noninterest expense. Management estimates that the NBC Acquisition accounted for 33% and 45% of the increase in salaries and benefits and total noninterest expense, respectively, during the nine months ended September 30, 1996. During 1994, all of the increase in salaries and benefits and 90% of the increase in total noninterest expense can be attributed to the 1993 Acquisitions.

Costs associated with new branch facilities, a write down of other real estate as well as the introduction of the "EZ Money" check card and related ATM conversions have also contributed to the increases in total noninterest expense during the nine months ended September 30, 1996. Costs associated with the new loan production offices or otherwise relating to the origination of real estate mortgage loans contributed to the increase in occupancy, furniture and fixtures and other noninterest expense during 1995. Environmental remediation costs associated with two foreclosed properties also contributed approximately \$200,000 to the increase in noninterest expense. These remediation costs were covered under the Michigan Underground Storage Tank Financial Assurance Fund ("MUSTFA"). MUSTFA announced that it was unable to fund all claims, however, and the Company has provided for all remaining remediation costs as estimated by environmental engineers.

FINANCIAL CONDITION

SUMMARY. The Banks have committed significant resources to loan origination efforts, including two new loan production offices during the second quarter of 1995. Portfolio Loans totaled \$565.4 million at September 30, 1996, compared to \$418.0 million and \$336.7 million at December 31, 1995 and 1994, respectively. Excluding the impact of the NBC Acquisition, rate-sensitive real estate mortgage loans accounted for approximately 67% and 72% of the increase in Portfolio Loans during the first nine months of 1996 and for all of 1995, respectively.

In addition to the proceeds from security sales and maturities, the Banks have relied on other borrowings to fund the increase in Portfolio Loans. The use of such non-deposit funds, principally advances from the FHLB, complements the Banks' core deposits and may further assist the Banks' efforts to manage their exposure to changes in interest rates. See "-- Asset/Liability Management." Such advances totaled \$131.0 million at September 30, 1996, compared to \$103.0 million and \$40.0 million at December 31, 1995 and 1994, respectively.

SECURITIES. The Banks maintain diversified securities portfolios that include obligations of the U.S. Treasury and government-sponsored agencies as well as securities issued by states and political subdivisions and mortgage-backed securities. Securities available for sale are carried at fair value and unrealized gains and losses, after consideration of applicable federal income taxes, are recognized as a separate component of shareholders' equity.

Management has the intent and the Banks have the ability to hold other securities to maturity. These securities are carried at amortized cost without adjustment for unrealized gains or losses. Although there are no current plans to sell securities, management continues to evaluate the Banks' asset/liability management needs and attempts to maintain a portfolio structure that will improve earnings while maintaining sufficient liquidity and cash flow to fund loans.

The following tables set forth the book value of securities at the specified dates and certain information with respect to the securities portfolios, including gross unrealized gains and losses.

SECURITIES

	SEPTEMBER 30, 1996	DECEMBER 31,		
		1995	1994	1993
		(IN THOUSANDS)		
AVAILABLE FOR SALE				
U.S. Treasury.....	\$ 22,433	\$23,272	\$34,724	\$ 30,330
U.S. Government agencies.....	21,205	6,623	0	0
States and political subdivisions.....	18,669	9,290	0	0
Mortgage-backed securities.....	56,487	37,722	11,684	0
Other securities.....	3,693	10,646	6,348	0
Total.....	\$ 122,487	\$87,553	\$52,756	\$ 30,330
HELD TO MATURITY				
U.S. Treasury.....	\$ 0	\$ 0	\$ 5,738	\$ 29,385
U.S. Government agencies.....	1,485	2,559	11,004	6,601
States and political subdivisions.....	20,137	20,142	27,240	27,241
Mortgage-backed securities.....	3,865	4,487	26,545	35,295
Other Securities.....	1,387	718	7,194	7,295
Total.....	\$ 26,874	\$27,906	\$77,721	\$105,817

	AMORTIZED COST	UNREALIZED		FAIR VALUE
		GAINS	LOSSES	
		(IN THOUSANDS)		
SECURITIES AVAILABLE FOR SALE				
September 30, 1996.....	\$ 122,231	\$ 980	\$ 724	\$122,487
December 31, 1995.....	86,471	1,538	456	87,553
December 31, 1994.....	55,968	0	3,212	52,756
December 31, 1993.....	30,330	120	0	30,450
SECURITIES HELD TO MATURITY				
September 30, 1996.....	\$ 26,874	\$ 891	\$ 67	\$ 27,698
December 31, 1995.....	27,906	1,157	32	29,031
December 31, 1994.....	77,721	976	1,247	77,450
December 31, 1993.....	107,261	4,386	472	111,175

The following table sets forth certain information with respect to the proceeds from the sale of securities available for sale, including related realized gains and losses.

PROCEEDS FROM THE SALE OF SECURITIES AVAILABLE FOR SALE

	PROCEEDS	REALIZED	
		GAINS	LOSSES
	(IN THOUSANDS)		
NINE MONTHS ENDED			
September 30, 1996.....	\$ 15,907	\$ 44	\$174
September 30, 1995.....	13,152	7	117
YEAR ENDED			
December 31, 1995.....	\$ 14,054	\$ 8	\$128
December 31, 1994.....	28,384	228	402
December 31, 1993.....	34,341	658	27

LOAN PORTFOLIOS. Management believes that the stable and diversified economies of the Banks' principal markets provide attractive lending opportunities. In addition to the communities served by the Banks' branch networks and loan production offices, the principal lending markets include nearby communities and metropolitan areas. Subject to established underwriting criteria, the Banks may also participate in commercial lending transactions with certain non-affiliated banks and purchase real estate mortgage loans from third-party originators.

Management believes that its decentralized structure provides the Banks with important advantages in serving the needs of its principal lending markets. Although the management and Board of Directors of each of the Banks retain authority and responsibility for all credit decisions, each of the Banks has adopted uniform underwriting standards. The Company's loan committee and the centralization of credit services promote compliance with these underwriting standards and provide internal controls that are consistent with the needs of a decentralized management structure. The Company's centralized credit services, which include credit analysis and commercial loan review, also provide economies of scale. The centralization of retail loan services further provides for consistent service quality and facilitates compliance with applicable consumer protection laws and regulations.

The following table sets forth the principal components of Portfolio Loans at the dates indicated.

LOAN PORTFOLIO COMPOSITION

	DECEMBER 31,					
	SEPTEMBER 30, 1996		1995		1994	
	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
(DOLLARS IN THOUSANDS)						
Real estate						
Residential first mortgages.....	\$263,224	46.6%	\$211,690	50.6%	\$158,432	47.1%
Residential home equity.....	31,528	5.6	19,733	4.7	17,704	5.3
Construction and land development.....	46,350	8.2	29,328	7.0	27,289	8.1
Other.....	84,428	14.9	56,675	13.6	44,982	13.4
Consumer.....	92,137	16.3	64,821	15.5	49,075	14.6
Commercial.....	31,534	5.6	23,403	5.6	23,388	6.9
Agricultural.....	16,217	2.8	12,394	3.0	15,855	4.6
Total loans.....	\$565,418	100.0%	\$418,044	100.0%	\$336,725	100.0%
	=====	=====	=====	=====	=====	=====

The following table sets forth an analysis of the changes in the allowance for loan losses at each of the dates indicated.

ALLOWANCE FOR LOAN LOSSES

	SEPTEMBER 30, 1996	DECEMBER 31,				
		1995	1994	1993(1)	1992(1)	1991(1)
		(DOLLARS IN THOUSANDS)				
Loans outstanding at the end of the period (net of unearned fees).....	\$ 575,807	\$434,091	\$342,658	\$288,643	\$261,634	\$275,144
Average loans outstanding for the period (net of unearned fees).....	\$ 485,407	\$382,644	\$294,968	\$259,334	\$267,801	\$260,594
Balance of allowance for loan losses at beginning of period.....	\$ 5,243	\$ 5,054	\$ 5,053	\$ 4,023	\$ 3,784	\$ 3,541
Loans charged-off						
Real estate.....	6	24	14	38	69	51
Commercial and agricultural.....	58	113	311	306	566	421
Installment.....	601	575	546	370	581	613
Total loans charged-off.....	665	712	871	714	1,216	1,085
Recoveries of loans previously charged-off.....						
Real estate.....	8	28	6	11	26	3
Commercial and agricultural.....	82	115	151	156	91	123
Installment.....	180	122	242	164	113	189
Total recoveries.....	270	265	399	331	230	315
Net loans charged-off.....	395	447	472	383	986	770
Additions to allowance charged to operating expense.....	942	636	473	657	1,225	1,013
Allowance on loans acquired.....	930	0	0	756	0	0
Balance at end of period.....	\$ 6,720	\$ 5,243	\$ 5,054	\$ 5,053	\$ 4,023	\$ 3,784
Net loans charged-off as a percent of average loans outstanding for the period(2).....	0.11%	0.12%	0.16%	0.15%	0.37%	0.30%
Allowance for loan losses as a percent of loans outstanding at the end of the period.....	1.17	1.21	1.48	1.75	1.54	1.38
Allowance for loan losses as a percent of nonperforming assets.....	194.73	204.80	178.33	157.27	126.75	78.90

(1) Restated to reflect an acquisition accounted for as a pooling of interests. See Note 2 to Consolidated Financial Statements.

(2) September 30, 1996 information is annualized.

The allowance for loan losses is maintained at a level that management considers appropriate, based upon its assessment of relevant circumstances, by charges to the associated provision for loan losses. (See "-- Provision for Loan Losses.") In performing its assessment, management allocates a portion of the allowance to specific loans and loan portfolios. Although the allowance for loan losses has declined as a percent of Portfolio Loans, the unallocated portion of the allowance increased to 57.3% of the total allowance at September 30, 1996, from 41.5% at December 31, 1993.

The following table sets forth management's allocation of the allowance for loan losses to specific loans and loan portfolios for each of the periods indicated.

ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

	SEPTEMBER 30, 1996	DECEMBER 31,		
		1995	1994	1993
		(IN THOUSANDS)		
Commercial and agricultural.....	\$ 1,761	\$1,612	\$1,655	\$2,222
Real estate mortgage.....	229	162	177	270
Installment.....	879	597	474	464
Unallocated.....	3,851	2,872	2,748	2,097
Total.....	\$ 6,720	\$5,243	\$5,054	\$5,053

Loans charged against the allowance for loan losses, net of recoveries ("Net Losses"), were \$395,000 during the nine months ended September 30, 1996, compared to \$282,000 during the comparable period of 1995. The NBC Acquisition accounted for \$90,000 of the \$113,000 increase in Net Losses during 1996. Net Losses in 1995 were \$447,000 compared to \$472,000 and \$383,000 in 1994 and 1993, respectively. Management estimates that Net Losses relating to loans that were acquired as a result of the 1993 Acquisitions and the KSB Acquisition in 1994 were \$50,000 in 1995, \$130,000 in 1994, and \$60,000 in 1993.

DEPOSITS AND BORROWINGS. Deposits totaled \$541.8 million at September 30, 1996, compared to \$411.6 million at December 31, 1995. The NBC Acquisition accounted for the majority of the \$130.2 million increase in deposits. Notwithstanding the purchase of a branch facility with deposits totaling \$14.4 million during 1995, total deposits at December 31, 1995 increased only slightly from \$409.5 million one year earlier.

The following table sets forth average deposit balances and the weighted average rates paid thereon for the dates indicated.

AVERAGE DEPOSITS

	YEAR ENDED DECEMBER 31,							
	SEPTEMBER 30, 1996		1995		1994		1993	
	AVERAGE BALANCE	RATE	AVERAGE BALANCE	RATE	AVERAGE BALANCE	RATE	AVERAGE BALANCE	RATE
	(DOLLARS IN THOUSANDS)							
Noninterest bearing demand.....	\$ 56,687		\$ 46,539		\$ 41,910		\$ 37,426	
Savings and NOW.....	242,641	2.47%	217,721	2.53%	213,590	2.26%	185,419	2.64%
Time deposits.....	178,671	5.32	141,292	4.92	150,036	4.18	150,536	4.74
Total.....	<u>\$477,999</u>	3.24%	<u>\$405,552</u>	3.08%	<u>\$405,536</u>	2.74%	<u>\$373,381</u>	3.22%

The following table summarizes time deposits in amounts of \$100,000 or more by time remaining until maturity as of September 30, 1996.

TIME DEPOSITS OVER \$100,000

(IN THOUSANDS)	
Three months or less.....	\$ 12,779
Over three through six months.....	2,718
Over six months through one year.....	2,245
Over one year.....	7,751
Total.....	<u>\$ 25,493</u>

The Banks' competitive position within many of the markets served by the branch networks may limit the ability to materially increase deposits without adversely impacting the weighted-average cost of core deposits. Accordingly, the Banks have relied on other borrowed funds, principally advances from the FHLB, to fund loans as part of its Alternate Loan Funding Strategy, while utilizing pricing strategies that are intended to reduce the weighted-average cost of core deposits. The use of non-deposit funds is structured to complement the Banks' existing interest rate risk profile and may further reduce the Banks' exposure to depositors' options to withdraw funds prior to maturity.

The Company utilizes federal funds purchased and other borrowings, including FHLB advances, to fund a portion of its earning assets. During the nine months ended September 30, 1996, such other borrowings funded approximately 21.8% of average earning assets compared to 17.4% and 6.9% during the years ended December 31, 1995 and 1994, respectively.

FHLB advances are secured by the Banks' unencumbered qualifying real estate mortgage loans as well as certain securities equal to 170% of outstanding advances. To increase its aggregate borrowing capacity management may elect to secure FHLB advances by pledging specific collateral representing 105% to 125% of outstanding advances. Management believes brokered certificates of deposit to be a viable alternative to further diversify the Banks' funding sources.

CAPITAL RESOURCES. The ability to profitably deploy the capital generated by the Company's results of operations or otherwise maintain financial leverage is critical to management's mission to create value for the Company's shareholders. During periods when management believes there has been an absence of suitable acquisition candidates, the Company's Alternate Loan Funding Strategy has made important contributions to the Company's net income and return on average equity. In view of the franchise value associated with core deposits and other customer relationships, management believes that its approach to acquisitions has also provided value to the Company's shareholders.

The following table sets forth the Company's capital ratios at the dates indicated.

CAPITAL RATIOS

	SEPTEMBER 30,	DECEMBER 31,	
	1996	1995	1994
	-----	-----	-----
Shareholders' equity to total assets.....	6.40%	7.97%	7.81%
Leverage ratio.....	5.23	7.58	7.40
Tier 1 capital to risk-weighted assets.....	8.18	11.49	11.90
Total risk-based capital to risk-weighted assets.....	9.44	12.75	13.03

The Company's dividend policies and its share repurchase plan have been integral components of management's efforts to maintain profitable financial leverage. Cash dividends declared were equal to 36.5% of earnings for the first nine months of 1996, 36.8% and 34.6% for the years ended December 31, 1995 and 1994, respectively. Although there are no current plans to repurchase shares of its capital stock, the Company purchased 35,900 and 40,000 shares of its Common Stock during 1995 and 1994, respectively.

Shareholders' equity totaled \$50.7 million at September 30, 1996, compared to \$47.0 million and \$40.3 million at December 31, 1995 and 1994, respectively. The increase in shareholders' equity reflects the retention of earnings as well as the value of shares of Common Stock that have been issued pursuant to the Incentive Share Grant Plan and the Company's various stock option plans.

As a result of the NBC Acquisition, shareholders' equity declined to 6.40% of total assets at September 30, 1996, compared to 7.97% and 7.81% at December 31, 1995, and 1994, respectively. In the absence of that transaction, however, shareholders' equity would have been largely unchanged from December 31, 1995.

ASSET/LIABILITY MANAGEMENT. The asset/liability management efforts of the Company and the Banks are intended to identify and evaluate opportunities to structure the balance sheet in a manner that is consistent with management's mission to maintain profitable financial leverage within established risk parameters. Accordingly, management's evaluations of alternate strategies carefully consider the likely impact on the Banks' risk profile as well as the anticipated contributions to earnings.

Management employs simulation analyses to evaluate the potential changes in the Banks' net interest income and market value of portfolio equity that result from changes in interest rates. Such analyses further anticipate the potential changes in the slope of the U.S. Treasury yield curve as well as changes in prepayment rates on certain assets and premature withdrawals of certificates of deposit that will likely accompany changes in interest rates.

Consistent with management's intent to maintain profitable financial leverage, the marginal cost of non-deposit funds is a principal consideration in the Banks' decision to sell or retain real estate mortgage loans. Marginal funding costs are also an integral component in pricing Portfolio Loans. Management's ongoing evaluations have determined that the retention of 15- and 30-year fixed-rate real estate mortgage loans is not consistent with its goal to profitably deploy capital or the Banks' asset/liability management needs. Accordingly, the majority of such loans are sold to mitigate exposure to changes in interest rates. Adjustable-rate and balloon real estate mortgage loans may, however, be profitably funded with FHLB advances and the retention of such loans is a principal focus of the Alternate Loan Funding Strategy. See "Results of Operations--Noninterest Income."

The following table sets forth the anticipated maturity or repricing, including estimated prepayments, of interest-earning assets and interest-bearing liabilities at September 30, 1996.

INTEREST RATE SENSITIVITY

	SEPTEMBER 30, 1996						TOTAL
	DAYS				YEARS		
	0 -- 30	31 -- 90	91 -- 180	181 -- 365	1 -- 5	5+	
	(DOLLARS IN THOUSANDS)						
ASSETS							
Loans and loans held for sale.....	\$102,929	\$ 44,398	\$ 52,012	\$ 79,531	\$212,672	\$ 84,265	\$575,807
Taxable securities.....	12,312	7,593	5,475	6,680	46,436	42,257	120,753
Tax-exempt securities.....	799	15	294	1,714	16,570	19,414	38,806
Interest earning assets.....	116,040	52,006	57,781	87,925	275,678	145,936	735,366
Noninterest earning assets.....							57,786
Total Assets.....							\$793,152
LIABILITIES AND SHAREHOLDERS' EQUITY							
Demand, savings and NOW.....	42,892	12,235	17,987	29,291	104,521	125,600	\$332,526
Time deposits.....	20,083	26,933	32,435	45,095	79,458	5,251	209,255
Other borrowings.....	54,458	70,501	3,000	31,000	32,000	0	190,959
Total deposits and other borrowings.....	117,433	109,669	53,422	105,386	215,979	130,851	732,740
Other liabilities and shareholders' equity.....							60,412
Total Liabilities and Shareholders' Equity.....							\$793,152
RATE SENSITIVITY GAP AND RATIOS							
Gap for period.....	\$ (1,393)	\$(57,663)	\$ 4,359	\$(17,461)	\$ 59,699	\$ 15,085	
Cumulative gap.....	\$ (1,393)	\$(59,056)	\$(54,697)	\$(72,158)	\$(12,459)	\$ 2,626	
Ratio of rate-sensitive assets to rate-sensitive liabilities for period.....	98.8%	47.4%	108.2%	83.4 %	127.6%	111.5%	
Cumulative ratio of rate-sensitive assets to rate-sensitive liabilities.....	98.8	74.0	80.5	81.3	97.9	100.4	

STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

The Company adopted SFAS #122 effective January 1, 1996. SFAS #122 requires the Banks to recognize as separate assets the rights to service mortgage loans for others that have been acquired through either a purchase or origination of a loan. The fair value of capitalized originated mortgage servicing rights has been determined based on market value quotes for similar servicing. These mortgage servicing rights are amortized in proportion to and over the period of estimated net loan servicing income. SFAS #122 also requires the Banks to assess these mortgage servicing rights for impairment based on the fair value of those rights. For purposes of measuring impairment, the risk characteristics used by the Banks include the underlying loans' interest rates, term of loan and loan types.

The Banks capitalized approximately \$258,000 of originated servicing rights during the nine months ended September 30, 1996, of which approximately \$34,000 has been amortized.

The Company also adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," ("SFAS #123"), effective January 1, 1996. SFAS #123 encourages companies to adopt a fair value method of accounting for stock compensation plans. Those companies not adopting a fair value method are required to make pro-forma disclosures of net income and earnings per share, on an annual basis, as if they had adopted the fair value accounting method. Management has elected the pro-forma disclosure method and will do so on an annual basis.

BUSINESS

This section contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results could differ materially from those projected in such forward-looking statements as a result of, among other things, the factors set forth in the section entitled "Risk Factors."

GENERAL

The Company is a bank holding company with four wholly owned subsidiary banks engaged in the business of retail and commercial banking in portions of Michigan's lower peninsula. Headquartered in Ionia, Michigan, the Company was formed in 1973 as the parent company of Independent Bank. Each of the Banks is a state chartered Michigan banking corporation, the business of each of which is described in more detail below.

Collectively, the Banks serve over 45 communities through their four main offices and a total of 45 branches and five loan production offices. Management attributes the Company's success to its consistent application of community banking practices in predominantly rural and suburban markets. The Company's decentralized management structure, which empowers and encourages local decision making, represents the core of the Company's community banking philosophy. This autonomy allows local bank management to better anticipate and respond to customer demands and thereby enhances and improves customer service and convenience, the principal means by which the Banks compete in the delivery of financial services.

The Company's principal sources of revenue, on a consolidated basis, are interest and fees on loans, other interest income and non-interest income. The sources of income for the three most recent years, and each of the nine-month periods ended September 30, 1995 and 1996 are as follows:

	NINE MONTHS ENDED SEPTEMBER 30,		YEARS ENDED DECEMBER 31,		
	1996	1995	1995	1994	1993
Interest and fees on loans.....	76.4%	75.6%	76.1%	71.1%	68.3%
Other interest income.....	15.1	17.0	16.3	21.3	21.5
Non-interest income.....	8.5	7.4	7.6	7.6	10.2
	-----	-----	-----	-----	-----
	100.0%	100.0%	100.0%	100.0%	100.0%
	=====	=====	=====	=====	=====

RECENT GROWTH

Much of the Company's recent growth has resulted from acquisitions. Since 1993, the Company has acquired four Michigan banks, two branch facilities and established five real estate mortgage loan production offices. As a result, the Company's assets have grown to approximately \$793.2 million at September 30, 1996, from \$403.1 million at December 31, 1992.

In October 1993, the Company acquired American Home Bank ("American") and Pioneer Bank ("Pioneer"), with assets of approximately \$32 million and \$35 million, respectively. The purchase price of \$2.5 million for American approximated its then book value, while the purchase price of \$4.5 million for Pioneer represented a premium of approximately 15% to Pioneer's book value. In March 1994, the Company increased its assets by approximately \$37.2 million by acquiring KSB and its wholly owned subsidiary The Kingston State Bank ("Kingston"). In connection with this acquisition, the Company issued shares of its Common Stock with a market value of approximately \$4.4 million, representing a premium of roughly 15% to KSB's book value. American, Pioneer and Kingston have been consolidated to form IBEM. Effective May 31, 1996, the Company acquired NBC, with assets of approximately \$152.0 million, for cash in the amount of \$15.8 million. This represented a premium of approximately 66% to NBC's book value. North Bank, NBC's wholly-owned subsidiary bank, was consolidated with Independent Bank on August 12, 1996.

THE COMPANY'S APPROACH TO COMMUNITY BANKING

The Company's operating philosophy preserves those elements of traditional community banking which management believes create a competitive advantage in the markets in which it operates. Among these are a high level of personal service and customer recognition, prompt response to customer needs, convenience, continuity of personnel and management, and commitment to and participation in the community. Management attributes the Company's success in preserving its community banking practices in the face of its recent growth to three primary characteristics; (1) decentralized bank management, (2) corporate-wide administrative and technical support, and (3) experienced Company and Bank management.

DECENTRALIZED MANAGEMENT. The Company believes that vesting management and the boards of the Banks with the authority to make local decisions allows the Banks to better anticipate customer needs, respond to customer demands, and identify profitable opportunities within their respective markets. To provide the flexibility to effectively pursue these opportunities, the Company's decentralized management structure vests pricing and credit decisions in the management of the respective Banks. While management of each of the Banks is granted the authority to make decisions for its local operations, it is also held accountable for its performance.

CORPORATE ADMINISTRATIVE AND SUPPORT SERVICES. To complement the decentralized management structure of the Company and establish consistent service and quality and attain operating efficiencies, the Company's corporate service departments provide a variety of services to each of the Banks. These services include data processing, accounting and audit services, purchasing and risk management, commercial loan credit analysis, servicing and review, consumer loan servicing, real estate mortgage loan underwriting, servicing and secondary market operations, asset/liability management and marketing services. The Company believes that this partnership between the Banks' management and Company personnel allows the management of each of the Banks to focus on sales and marketing and at the same time provides the Company with the internal controls that are consistent with the needs of a decentralized organization. Further, this combination of decentralized management and centralized services provides economies of scale that permit the Company to attract and retain talented managers that possess specific expertise in areas that the Banks could not achieve on an individual basis.

MANAGEMENT EXPERIENCE AND COMPENSATION. The Company's growth and profitability is also attributable to management's experience in providing community banking services. The Banks' four presidents, along with the Company's two executive officers, have been employed by the Company, on average, for over 10 years. Set forth below is a list of the Company's executive officers and Bank presidents, their respective ages and financial industry experience.

NAME (AGE)	POSITION WITH COMPANY	YEARS OF FINANCIAL INDUSTRY EXPERIENCE
Charles C. Van Loan (48)	President, Chief Executive Officer and Director	19
William R. Kohls (39)	Executive Vice President and Chief Financial Officer	17
Jeffrey A. Bratsburg (53)	President and Chief Executive Officer -- Independent Bank West Michigan	25
Edward B. Swanson (43)	President and Chief Executive Officer -- Independent Bank South Michigan	21
Michael M. Magee, Jr. (40)	President and Chief Executive Officer -- Independent Bank	21
Ronald L. Long (37)	President and Chief Executive Officer -- Independent Bank East Michigan	15

The Company's growth has allowed it to recruit and retain experienced individuals, and the recent acquisitions have added experienced community bankers to its franchise. The Company's compensation policies and practices are central to the maintenance of its decentralized management structure, and are intended to promote and support local Bank autonomy while at the same time enhancing overall Company performance. As an example, individual bonuses are currently based on the performance of the Bank the employee works for, as well as the overall performance of the Company. The Company believes that this

combination promotes individual bank performance and at the same time ensures that results are to the ultimate benefit of the Company's shareholders. In addition to cash incentive plans, the Company maintains a variety of equity-based plans to provide incentives for superior performance and to align the interests of its executive officers and managers with those of the Company's shareholders. Such "pay for performance" compensation plans include annual cash performance awards, the Employee Stock Ownership Plan, the Employee Stock Option Plan and the Incentive Share Grant Plan. As a result of these policies and practices, every full-time employee, subject to certain employment conditions, has an equity interest in the Company. Collectively, the Company's directors and executive officers and Bank presidents own approximately 12.7% of the Company's Common Stock, and as such have a vested interest in the Company's future success and growth.

BUSINESS STRATEGY

The Company intends to supplement its internal growth with selective acquisitions, while at the same time managing its capital resources. One of the principal challenges confronting the Company, in light of its recent growth, is the preservation of its decentralized management structure, which represents the core of its community banking foundation.

INTERNAL GROWTH. Management believes that the stable and diversified economies of the suburban and rural cities served by the Banks' offices, as well as nearby communities and metropolitan areas, provide attractive markets for the Company's traditional commercial banking services. Although the financial services industry continues to be highly competitive, in view of the limited competition within many of the Banks' principal markets, the Company's community banking philosophy emphasizes a high level of service and convenience as the principal means of competition.

The markets served by the Banks provide attractive opportunities for maintaining favorable net interest margins; however, the predominantly rural and suburban nature of these markets presents certain challenges to the Company's ability to grow. In the face of this challenge, the Banks have utilized various strategies, based upon the particular attributes of their respective markets, to provide asset growth and profitably deploy capital. In the absence of meaningful deposit growth within those markets, the Banks have increasingly relied on advances from the FHLB to fund the increase in assets. The Company intends to encourage the Banks to continue to operate autonomously to provide the flexibility that may be necessary to take advantage of opportunities in their respective markets.

The Company's corporate service departments develop various expertise to assist the Banks and Bank management. In addition, the Banks share certain expertise and experiences with one another. This sharing of expertise and general coordination among the Company and the Banks is accomplished through a network of holding company committees. The Company intends to continue to promote the development of expertise and coordination among the Banks in order to foster the Banks' growth in their respective markets.

ACQUISITION STRATEGY. The Company will continue to consider opportunities for expansion through selective acquisitions in markets where management believes its community banking approach creates a competitive advantage. In order to capitalize upon its existing banking network, the Company will continue to focus primarily on acquisitions in contiguous markets; however, the Company may consider expansion into noncontiguous markets in instances where management believes that opportunities exist to enhance shareholder value and allow for effective application of its community banking practices. Management expects that, given its relative size, the Company can sustain meaningful growth through acquisitions in markets that are attractive to the Company but may not be of sufficient size to interest its larger competitors.

CAPITAL MANAGEMENT. The Company intends to continue to focus on managing its capital to provide an attractive return for its shareholders' investment. The Company's dividend policies and share repurchase plan have been integral components of management's efforts to maintain profitable financial leverage within management's established risk parameters. Cash dividends declared were equal to 36.5% of earnings for the first nine months of 1996, and were 36.8% and 34.6% of earnings in 1995 and 1994, respectively. Since January 1, 1994, the Company repurchased approximately 75,900 shares of its Common Stock. The Company may rely upon these capital management practices, in the absence of profitable growth opportunities, as part of its goal of achieving an attractive return on its shareholders' investment.

THE BANKS

The following table depicts the Company's and the Banks' loan portfolios as of September 30, 1996:

	CONSOLIDATED		% OF TOTAL			
	AMOUNT	% OF TOTAL	IB	IBWM	IBSM	IBEM
	(DOLLARS IN THOUSANDS)					
Real Estate						
Residential first mortgages.....	\$263,224	46.6%	15.7%	15.7%	9.0%	6.2%
Residential home equity mortgages.....	31,528	5.6	1.7	2.6	1.0	0.3
Construction and land development.....	46,350	8.2	2.4	3.2	2.0	0.6
Other.....	84,428	14.9	6.3	3.4	2.8	2.4
Consumer.....	92,137	16.3	9.5	3.0	1.4	2.4
Commercial.....	31,534	5.6	3.7	1.3	0.5	0.1
Agricultural.....	16,217	2.8	0.2	0.1	0.2	2.3
	-----	-----	-----	-----	-----	-----
Total loans.....	\$565,418	100.0%	39.5%	29.3%	16.9%	14.3%
	=====	=====	=====	=====	=====	=====

The Banks' activities cover traditional phases of retail and commercial banking, including checking and savings accounts, commercial and agricultural lending, direct and indirect consumer financing, mortgage lending and deposit box services. The Banks do not offer trust services. Most of the Banks' offices provide full service lobby and drive-in services in the communities which they serve. Automated teller machines are also provided at most locations.

Principally located in rural and suburban communities, the Banks face limited competition within certain of their primary markets. In general, however, the financial services industry is highly competitive. Banks and bank holding companies compete not only with each other, but with savings and loan associations, money market mutual funds, credit unions, securities dealers, providers of insurance and annuity fund products and investment bankers. The market share information appearing below is derived from the June 30, 1995 deposit balances made available by the federal banking regulatory agencies.

As of September 30, 1996, the Company and the Banks had 407 full-time employees and 169 part-time employees.

INDEPENDENT BANK

Independent Bank ("IB"), founded in 1864, operates in two geographically distinct regions. Its south region consists of most of Ionia County and adjacent townships in Montcalm County. Ionia County, with a population of nearly 60,000, is located between the Grand Rapids and Lansing metropolitan areas. Within this region, IB is the only depository institution in several communities. IB's market share, in communities where its branches are located, exceeds 30% of total deposits.

IB's north region is comprised of the former branches of North Bank, acquired as a result of the NBC Acquisition. IB defines its markets in this region of northeastern Michigan as the counties of Iosco, Alpena and Presque Isle, along with portions of Ogemaw, Alcona and Montmorency counties. IB's northeastern branches are located in Hale, Tawas City, Rogers City, Rose City, Whittemore, Glennie, Hillman and Hubbard Lake, as well as the larger communities of Alpena and Oscoda. Within seven of the ten communities served by its branches in this region, IB's market share of deposits exceeds 50%, and it is the only bank with an office located within four of these communities.

While the regions are geographically distinct, the rural communities served by IB's branches are demographically similar and rely on an economic base that includes manufacturers, service and retail businesses, agriculture, mining, forest products and government. Notwithstanding these similarities, Ionia County's population and IB's business benefit from the region's proximity to Grand Rapids and Lansing as well as the six facilities of the Michigan Department of Corrections that are located in Ionia and Carson City. IB's northeastern region benefits from a substantial retirement population as well as vacationers.

INDEPENDENT BANK WEST MICHIGAN

The main office of Independent Bank West Michigan ("IBWM") is located in Rockford, a northern suburb of Grand Rapids. IBWM's branches serve the communities of Howard City, Sand Lake, Cedar Springs, White Cloud, Newaygo, Sparta and Croton Hardy located in northern Kent County, western Montcalm County and southern Newaygo County. IBWM is the only financial institution with an office in two of these communities; within three other markets IBWM's market share exceeds 55% of total deposits. Additionally, IBWM has established loan production offices with 21 commissioned real estate mortgage loan originators that serve Muskegon, Mecosta and Ottawa counties.

IBWM's principal markets contain two distinct demographic groups. As a suburb of Grand Rapids, Rockford is a fast growing, affluent residential community while most of the remaining markets are rural. Reflecting the profile of its markets, IBWM has emphasized consumer banking and, given the rapid growth of western Michigan, real estate mortgage lending. As a result of IBWM's success in real estate mortgage lending, the Company has experience in secondary marketing and servicing that promotes the success of the other Banks.

INDEPENDENT BANK SOUTH MICHIGAN

Independent Bank South Michigan ("IBSM") has its headquarters in Leslie, located between Lansing and Jackson. IBSM's branches are located in Ingham and Eaton counties and the northern portion of Jackson County. Within the communities of Rives Junction, Pleasant Lake, Potterville, Vermontville and Leslie, IBSM is the only depository institution. Within seven of the nine communities served by IBSM's branches, its market share exceeds 60% of total deposits. Principal employers within this market include General Motors Corporation, the State of Michigan and Michigan State University.

Although historically characterized as an agricultural bank, IBSM has increased its focus on consumer and real estate mortgage lending and, to a lesser degree, the non-agricultural commercial lending opportunities within its markets. Its Okemos-based loan production office serves the greater Lansing area and further leverages the Company's expertise in real estate mortgage lending.

INDEPENDENT BANK EAST MICHIGAN

The main office of IBEM is located in Caro, centrally located in Tuscola County in the heart of eastern Michigan's thumb region. In addition to the communities of Unionville, Kingston, Snover and Reese within Tuscola County, IBEM's branches serve Clifford, North Branch, Clio and Marlette located in northern Lapeer, Sanilac and Genesee counties. Within four of these communities, IBEM is the only depository institution. Notwithstanding the agricultural-based economy of the thumb region, IBEM's markets benefit from their proximity to the Detroit metropolitan areas.

The pending acquisition of the FOA Branches, located in the communities of Bad Axe, Sebawaing, Caseville, Elkton, Kinde, Ubyly and Gagetown will add approximately \$122 million of deposits. As a result, IBEM will become the largest depository institution in Huron County with a market share of approximately 25% of total deposits.

LEGAL PROCEEDINGS

The Company and the Banks are parties to various claims, complaints and other legal actions that have arisen in the ordinary course of business from time to time. Management believes that the outcome of all pending legal proceedings, in the aggregate, will not have a material adverse effect on the Company's or the Banks' business, results of operations or financial condition.

SUPERVISION AND REGULATION

The following is a summary of certain statutes and regulations affecting the Company and the Banks. This summary is qualified in its entirety by reference to the particular statutes and regulations. A change in applicable laws or regulations may have a material effect on the Company, the Banks and the businesses of the Company and the Banks. See "Risk Factors."

GENERAL

Financial institutions and their holding companies are extensively regulated under federal and state law. Consequently, the growth and earnings performance of the Company and the Banks can be affected not only by management decisions and general and local economic conditions, but also by the statutes administered by, and the regulations and policies of, various governmental regulatory authorities. Those authorities include, but are not limited to the Federal Reserve Board, the FDIC, the Commissioner of the Michigan Financial Institutions Bureau ("Commissioner"), the Internal Revenue Service, and state taxing authorities. The effect of such statutes, regulations and policies and any changes thereto can be significant and cannot be predicted.

Federal and state laws and regulations generally applicable to financial institutions and their holding companies regulate, among other things, the scope of business, investments, reserves against deposits, capital levels relative to operations, lending activities and practices, the nature and amount of collateral for loans, the establishment of branches, mergers, consolidations and dividends. The system of supervision and regulation applicable to the Company and the Banks establishes a comprehensive framework for their respective operations and is intended primarily for the protection of the FDIC's deposit insurance funds, the depositors of the Banks, and the public, rather than shareholders of the Company.

Federal law and regulations, including provisions added by the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") and regulations promulgated thereunder, establish supervisory standards applicable to the lending activities of the Banks, including internal controls, credit underwriting, loan documentation, and loan-to-value ratios for loans secured by real property.

THE COMPANY

GENERAL. The Company is a bank holding company and, as such, is registered with, and subject to regulation by, the Federal Reserve Board under the Bank Holding Company Act, as amended (the "BHCA"). Under the BHCA, the Company is subject to periodic examination by the Federal Reserve Board, and is required to file periodic reports of its operations and such additional information as the Federal Reserve Board may require.

In accordance with Federal Reserve Board policy, the Company is expected to act as a source of financial strength to the Banks and to commit resources to support the Banks in circumstances where the Company might not do so absent such policy. In addition, in certain circumstances a Michigan state bank having impaired capital may be required by the Commissioner either to restore the bank's capital by a special assessment upon its shareholders, or to initiate the liquidation of the bank.

Any capital loans by a bank holding company to a subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment. This priority would apply to guarantees of capital plans under FDICIA.

INVESTMENTS AND ACTIVITIES. Under the BHCA, bank holding companies are prohibited, with certain limited exceptions, from engaging in activities other than those of banking or of managing or controlling banks and from acquiring or retaining direct or indirect ownership or control of voting shares or assets of any company which is not a bank or bank holding company, other than subsidiary companies furnishing services to or performing services for its subsidiaries, and other subsidiaries engaged in activities which, by the Federal Reserve Board's determination, is closely related to banking or managing or controlling banks. Since September 29, 1995, the BHCA has permitted the Federal Reserve Board under specified circumstances to approve the acquisition by a bank holding company located in one state, of a bank or bank holding company located in another state, without regard to any prohibition contained in state law. See "Recent Regulatory Developments."

In general, any direct or indirect acquisition by the Company of any voting shares of any bank which would result in the Company's direct or indirect ownership or control of more than 5% of any class of voting shares of such bank, and any merger or consolidation of the Company with another bank holding company, will require the prior written approval of the Federal Reserve Board under the BHCA. In acting on such applications, the Federal Reserve Board must consider various statutory factors, including among others, the effect of the proposed transaction on competition in relevant geographic and product markets, and each party's financial condition, managerial resources, and record of performance under the Community Reinvestment Act.

In addition and subject to certain exceptions, the change in the Bank Control Act ("Control Act") and regulations promulgated thereunder by the Federal Reserve Board, require any person acting directly or indirectly, or through or in concert with one or more persons, to give the Federal Reserve Board 60 days' written notice before acquiring control of a bank holding company. Transactions which are presumed to constitute the acquisition of control include the acquisition of any voting securities of a bank holding company having securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, if, after the transaction, the acquiring person (or persons acting in concert) owns, controls or holds with power to vote 25% or more of any class of voting securities of the institution. The acquisition may not be consummated subsequent to such notice if the Federal Reserve Board issues a notice within 60 days, or within certain extensions of such period, disapproving the same.

The merger or consolidation of an existing bank subsidiary of the Company with another bank, or the acquisition by such a subsidiary of the assets of another bank, or the assumption of the liabilities by such a subsidiary to pay any deposits in another bank, requires the prior written approval of the responsible Federal depository institution regulatory agency under the Bank Merger Act, based upon a consideration of statutory factors similar to those outlined above with respect to the BHCA. In addition, in certain such cases an application to, and the prior approval of, the Federal Reserve Board under the BHCA and/or the Commissioner under Michigan banking laws, may be required.

With certain limited exceptions, the BHCA prohibits bank holding companies from acquiring direct or indirect ownership or control of voting shares or assets of any company other than a bank, unless the company involved is engaged solely in one or more activities which the Federal Reserve Board has determined to be closely related to banking or managing or controlling banks. In making this determination, the Federal Reserve Board considers various factors, including among others the financial and managerial resources of the notifying bank holding company, and the relative public benefits and adverse effects which may be expected to result from the performance of the activity by an affiliate of such company. The Federal Reserve Board may apply different standards to activities proposed to be commenced de novo and activities commenced by acquisition, in whole or in part, of a going concern.

The recent enactment of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 ("EGRPRA") streamlines the nonbanking activities application process for well capitalized and well managed bank holding companies. See "Recent Regulatory Developments." Under EGRPRA, qualified bank holding companies may commence a regulatory approved nonbanking activity without prior notice to the Federal Reserve Board; written notice is merely required within ten days after commencing the activity. Also, under EGRPRA, the prior notice period is reduced to 12 days in the event of any nonbanking acquisition or

share purchase, assuming the size of the acquisition does not exceed 10% of risk-weighted assets of the acquiring bank holding company and the consideration does not exceed 15% in Tier 1 capital. This prior notice requirement also applies to commencing a nonbanking activity de novo which has been approved by the Federal Reserve Board only.

CAPITAL REQUIREMENTS. The Federal Reserve Board uses capital adequacy guidelines in its examination and regulation of bank holding companies. If capital falls below minimum guidelines, a bank holding company may, among other things, be denied approval to acquire or establish additional banks or non-bank businesses.

The Federal Reserve Board's capital guidelines establish the following minimum regulatory capital requirements for bank holding companies: (i) a capital leverage requirement expressed as a percentage of total assets, (ii) a risk-based requirement expressed as a percentage of total risk-weighted assets, and (iii) a Tier 1 leverage requirement expressed as a percentage of total assets. The capital leverage requirement consists of a minimum ratio of total capital to total assets of 6%, with an expressed expectation that banking organizations generally should operate above such minimum level. The risk-based requirement consists of a minimum ratio of total capital to total risk-weighted assets of 8%, of which at least one-half must be Tier 1 capital (which consists principally of shareholders' equity). The Tier 1 leverage requirement consists of a minimum ratio of Tier 1 capital to total assets, less goodwill ("Tier 1 capital leverage ratio") of 3% for the most highly rated companies, with minimum requirements of 4% to 5% for all others.

The risk-based and leverage standards presently used by the Federal Reserve Board are minimum requirements, and higher capital levels will be required if warranted by the particular circumstances or risk profiles of individual banking organizations. Further, any banking organization experiencing or anticipating significant growth would be expected to maintain capital ratios, including tangible capital positions (i.e., Tier 1 capital less all intangible assets), well above the minimum levels. The Federal Reserve Board has not advised the Company of any specific minimum Tier 1 capital leverage ratio applicable to it.

FDICIA requires the federal bank regulatory agencies biennially to review risk-based capital standards to ensure that they adequately address interest rate risk, concentration of credit risk and risks from non-traditional activities and, since adoption of the Riegle Community Development and Regulatory Improvement Act of 1994 (the "Riegle Act"), to do so taking into account the size and activities of depository institutions and the avoidance of undue reporting burdens. See "Recent Regulatory Developments." In 1995, the federal bank regulatory agencies adopted regulations requiring as part of the assessment of an institution's capital adequacy the consideration of: (i) identified concentrations of credit risks, (ii) the exposure of the institution to a decline in the value of its capital due to changes in interest rates, and (iii) the application of revised conversion factors and netting rules on the institution's potential future exposure from derivative transactions. In addition, the agencies proposed: (i) additional required data submissions on periodic Reports of Condition and Income ("Call Reports") regarding interest rate exposure, to furnish a basis for future regulations imposing explicit minimum capital charges for interest rate risk, and (ii) incorporation in the capital adequacy regulations of a measure for market risk in, among other things, the trading of debt instruments.

DIVIDENDS. The Company is a corporation separate and distinct from the Banks. Most of the Company's revenues are received by it in the form of dividends paid by the Banks. The Banks are subject to statutory restrictions on their ability to pay dividends to the Company. See "The Banks -- Dividends." The Federal Reserve Board has issued a policy statement on the payment of cash dividends by bank holding companies. In the policy statement, the Federal Reserve Board expressed its view that a bank holding company experiencing earnings weaknesses should not pay cash dividends exceeding its net income or which could only be funded in ways that weakened the bank holding company's financial health, such as by borrowing. Additionally, the Federal Reserve Board possesses enforcement powers over bank holding companies and their non-bank subsidiaries to prevent or remedy actions that represent unsafe or unsound practices or violations of applicable statutes and regulations. Among these powers is the ability to proscribe the payment of dividends by banks and bank holding companies. Similar enforcement powers over the Banks are possessed by the FDIC. The "prompt corrective action" provisions of FDICIA impose further restrictions on the payment of dividends by insured banks which fail to meet specified capital levels and, in some cases, impose similar restrictions on their parent bank holding companies.

In addition to the restrictions on dividends imposed by the Federal Reserve Board, the Michigan Business Corporation Act provides that dividends may be legally declared or paid only if after the distribution a corporation, such as the Company, can pay its debts as they come due in the usual course of business and its total assets equal or exceed the sum of its liabilities plus the amount that would be needed to satisfy the preferential rights upon dissolution of any holders of preferred stock whose preferential rights are superior to those receiving the distribution.

THE BANKS

GENERAL. The Banks are Michigan banking corporations and their deposit accounts are principally insured by the BIF of the FDIC. As BIF-insured Michigan chartered banks, the Banks are subject to the examination, supervision, reporting and enforcement requirements of the Commissioner, as the chartering authority for Michigan banks, and the FDIC, as administrator of the BIF. These agencies and federal and state law extensively regulate various aspects of the banking business including, among other things, permissible types and amounts of loans, investments and other activities, capital adequacy, branching, interest rates on loans and on deposits, the maintenance of noninterest-bearing reserves on deposit accounts, and the safety and soundness of banking practices.

DEPOSIT INSURANCE. As FDIC-insured institutions, the Banks are required to pay deposit insurance premium assessments to the FDIC. Pursuant to FDICIA, the FDIC adopted a risk-based assessment system under which all insured depository institutions are placed into one of nine categories and assessed insurance premiums, based upon their level of capital and supervisory evaluation. Institutions classified as well-capitalized (as defined by the FDIC) and considered healthy pay the lowest premium while institutions that are less than adequately capitalized (as defined by the FDIC) and considered of substantial supervisory concern pay the highest premium. Risk classification of all insured institutions is made by the FDIC for each semi-annual assessment period.

FDICIA required the FDIC to establish assessment rates at levels which would restore the BIF to a mandated reserve ratio of 1.25% of insured deposits over a period not to exceed 15 years. In 1995, the FDIC determined that the BIF had reached the required ratio. Accordingly, the FDIC has established the schedule of BIF insurance assessments for the first semi-annual assessment period of 1996, ranging from 0% of deposits for institutions in the highest category to .27% of deposits for institutions in the lowest category. For the first nine months of 1996, the Banks paid \$32,000 in BIF insurance assessments.

At September 30, 1996, the Banks held less than \$11 million of SAIF insured deposits, and paid an average rate premium of .23% on such deposits during the first nine months of 1996. The deposit liabilities to be assumed in connection with the acquisition of the FOA Branches are all insured by SAIF. Effective October 1, 1996, the FDIC was authorized to impose a special assessment on certain SAIF-assessable deposits. Because IBEM held no SAIF-assessable deposits as of March 31, 1995, IBEM will be exempt from the special assessment.

The FDIC may terminate the deposit insurance of any insured depository institution if the FDIC determines, after a hearing, that the institution or its directors have engaged or are engaging in unsafe or unsound practices, or have violated any applicable law, regulation, order, or any condition imposed in writing by, or written agreement with, the FDIC, or if the institution is in an unsafe or unsound condition to continue operations. The FDIC may also suspend deposit insurance temporarily during the hearing process for a permanent termination of insurance if the institution has no tangible capital.

CAPITAL REQUIREMENTS. Consistent with the Federal Reserve Board's guidelines for bank holding companies, the FDIC has established the following minimum capital standards for state-chartered, FDIC-insured non-member banks, such as the Banks: a leverage requirement consisting of a minimum ratio of Tier 1 capital to total assets of 3% for the most highly-rated banks with minimum requirements of 4% to 5% for all others and a risk-based capital requirement consisting of a minimum ratio of total capital to total risk-weighted assets

of 8%, at least one-half of which must be Tier 1 capital (which consists principally of shareholders' equity). These capital requirements are minimum requirements. Higher capital levels will be required if warranted by the particular circumstances or risk profiles of individual institutions.

FDICIA establishes five capital categories, and the federal depository institution regulators, as directed by FDICIA, have adopted, subject to certain exceptions, the following minimum requirements for each of such categories:

	TOTAL RISK-BASED CAPITAL RATIO	TIER 1 RISK-BASED CAPITAL RATIO	LEVERAGE RATIO
	-----	-----	-----
Well capitalized.....	10% or above	6% or above	5% or above
Adequately capitalized.....	8% or above	4% or above	4% or above
Undercapitalized.....	Less than 8%	Less than 4%	Less than 4%
Significantly undercapitalized.....	Less than 6%	Less than 3%	Less than 3%
Critically undercapitalized.....	--	--	A ratio of tangible equity to total assets of 2% or less

At September 30, 1996, each of the Banks' ratios exceeded minimum requirements for the well-capitalized category.

Among other things, FDICIA requires the federal depository institution regulators to take prompt corrective action in respect of depository institutions that do not meet minimum capital requirements. The scope and degree of regulatory intervention is linked to the capital category to which a depository institution is assigned.

Depending upon the capital category to which an institution is assigned, the regulators' corrective powers include: requiring the submission of a capital restoration plan; placing limits on asset growth and restrictions on activities; requiring the institution to issue additional capital stock (including additional voting stock) or to be acquired; restricting transactions with affiliates; restricting the interest rate the institution may pay on deposits; ordering a new election of directors of the institution; requiring that senior executive officers or directors be dismissed; prohibiting the institution from accepting deposits from correspondent banks; requiring the institution to divest certain subsidiaries; prohibiting the payment of principal or interest on subordinated debt; and ultimately, appointing a receiver for the institution.

In general, a depository institution may be reclassified to a lower category than is indicated by its capital position if the appropriate federal depository institution regulatory agency determines the institution to be otherwise in an unsafe or unsound condition or to be engaged in an unsafe or unsound practice. Such a practice could include a failure by the institution, following receipt of a less-than-satisfactory rating on its most recent examination report, to correct the deficiency.

DIVIDENDS. Under Michigan law, the Banks are restricted as to the maximum amount of dividends they may pay on their common stock. A Michigan state bank may not declare or pay a dividend unless the bank will have a surplus amounting to at least 20% of its capital after the payment of the dividend. A Michigan state bank may, with the approval of the Commissioner, by vote of shareholders owning 2/3 of the stock eligible to vote, increase its capital stock by a declaration of a stock dividend, provided that after the increase the bank's surplus equals at least 20% of its capital stock, as increased. The Banks may not declare or pay any dividend until the cumulative dividends on preferred stock (should any such stock be issued and outstanding) have been paid in full. The Banks have no present plans to issue preferred stock other than the Preferred Stock.

FDICIA generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. The FDIC may also prevent an insured bank from paying dividends if the bank is in default of payment of any assessment due to the FDIC. In addition, payment of dividends by a

bank may be prevented by the applicable federal regulatory authority if such payment is determined, by reason of the financial condition of such bank, to be an unsafe and unsound banking practice. The Federal Reserve Board has issued a policy statement providing that bank holding companies and insured banks should generally only pay dividends out of current operating earnings.

INSIDER TRANSACTIONS. The Banks are subject to certain restrictions imposed by the Federal Reserve Act on any extensions of credit to the Company or its subsidiaries, on investments in the stock or other securities of the Company or its subsidiaries and the acceptance of the stock or other securities of the Company or its subsidiaries as collateral for loans. The "covered transactions" that an insured bank and its subsidiaries are permitted to engage in with their nonbank affiliates are limited to the following amounts: (i) in the case of any one such affiliate, the aggregate amount of "covered transactions" of the insured bank and its subsidiaries cannot exceed 10% of the capital stock and surplus of the insured bank; and (ii) in the case of all affiliates, the aggregate amount of all "covered transactions" of the insured bank and its subsidiaries cannot exceed 20% of the capital stock and surplus of the insured bank. "Covered transactions" are defined by statute to include a loan or extension of credit to the affiliate, a purchase of securities issued by an affiliate, a purchase of assets from the affiliate (unless otherwise exempted by the Federal Reserve Board), the acceptance of securities issued by the affiliate as collateral for a loan, and the issuance of a guaranty, acceptance, or letter of credit for the benefit of an affiliate. Covered transactions must also be collateralized. Certain limitations and reporting requirements are also placed on extensions of credit by the Banks to their directors and officers, to directors and officers of the Company and its subsidiaries, to principal shareholders of the Company, and to "related interests" of such directors, officers and principal shareholders. In addition, such legislation and regulations may affect the terms upon which any person becoming a director or officer of the Company or one of its subsidiaries or a principal shareholder of the Company may obtain credit from banks with which any of the Banks maintains a correspondent relationship.

SAFETY AND SOUNDNESS STANDARDS. On July 10, 1995, the FDIC, the Office of Thrift Supervision, the Federal Reserve Board and the Office of the Comptroller of the Currency published final guidelines implementing the FDICIA requirement that the federal banking agencies establish operational and managerial standards to promote the safety and soundness of federally insured depository institutions. The guidelines, which took effect on August 9, 1995, establish standards for internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, and compensation, fees and benefits. In general, the guidelines prescribe the goals to be achieved in each area, and each institution will be responsible for establishing its own procedures to achieve those goals. If an institution fails to comply with any of the standards set forth in the guidelines, the institution's primary federal regulator may require the institution to submit a plan for achieving and maintaining compliance. The preamble to the guidelines states that the agencies expect to require a compliance plan from an institution whose failure to meet one or more of the standards is of such severity that it could threaten the safe and sound operation of the institution. Failure to submit an acceptable compliance plan, or failure to adhere to a compliance plan that has been accepted by the appropriate regulator, would constitute grounds for further enforcement action. The federal banking agencies have also published for comment proposed asset quality and earnings standards which, if adopted, would be added to the safety and soundness guidelines. This proposal, like the final guidelines, would make each depository institution responsible for establishing its own procedures to meet such goals.

STATE BANK ACTIVITIES. Under FDICIA, as implemented by final regulations adopted by the FDIC, FDIC-insured state banks are prohibited, subject to certain exceptions, from making or retaining equity investments of a type, or in an amount, that are not permissible for a national bank. FDICIA, as implemented by FDIC regulations, also prohibits FDIC-insured state banks and their subsidiaries, subject to certain exceptions, from engaging as a principal in any activity that is not permitted for a national bank or its subsidiary, respectively, unless the bank meets, and continues to meet, its minimum regulatory capital requirements and the FDIC determines the activity would not pose a significant risk to the deposit insurance fund of which the bank is a member. Impermissible investments and activities must be divested or discontinued within certain time frames set by the FDIC in accordance with FDICIA.

CONSUMER BANKING. The Banks' business includes making a variety of types of loans to individuals. In making these loans, the Banks are subject to State usury and regulatory laws and to various Federal statutes, such as the Equal Credit Opportunity Act, Fair Credit Reporting Act, Truth in Lending Act, Real Estate Settlement Procedures Act, and Home Mortgage Disclosure Act, and the regulations promulgated thereunder, which (x) prohibit discrimination based on race, color, religion, national origin, sex, marital status, age (except in limited circumstances), receipt of income from public assistance programs, or good faith exercise of any rights under the Consumer Credit Protection Act, (y) specify disclosures to be made to borrowers regarding credit and settlement costs, and (z) regulate the mortgage loan servicing activities of the Bank, including the maintenance and operation of escrow accounts and the transfer of mortgage loan servicing. The Riegle Act imposed new escrow requirements on mortgage lenders and servicers under the National Flood Insurance Program. See "Recent Regulatory Developments." In receiving deposits, the Banks are subject to extensive regulation under state and federal law and regulations, including the Truth in Savings Act, the Expedited Funds Availability Act, the Bank Secrecy Act, the Electronic Funds Transfer Act, and the Federal Deposit Insurance Act. Violation of these laws could result in the imposition of significant damages and fines upon the Banks and their respective directors and officers.

RECENT REGULATORY DEVELOPMENTS

In 1994, the Congress enacted two major pieces of banking legislation, the Riegle Act and the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Riegle-Neal Act"). The Riegle Act addressed such varied issues as the promotion of economic revitalization of defined urban and rural "qualified distressed communities" through special purpose "Community Development Financial Institutions," the expansion of consumer protection with respect to certain loans secured by a consumer's home and reverse mortgages, and reductions in compliance burdens regarding Currency Transaction Reports, reform of the National Flood Insurance Program, the promotion of a secondary market for small business loans and leases, and mandating specific changes to reduce regulatory impositions on depository institutions and holding companies.

The Riegle-Neal Act substantially changed the geographic constraints applicable to the banking industry. Effective September 29, 1995, the Riegle-Neal Act allows bank holding companies to acquire banks located in any state in the United States without regard to geographic restrictions or reciprocity requirements imposed by state law, but subject to certain conditions, including limitations on the aggregate amount of deposits that may be held by the acquiring holding company and all of its insured depository institution affiliates. Effective June 1, 1997 (or earlier if expressly authorized by applicable state law), the Riegle-Neal Act allows banks to establish interstate branch networks through acquisitions of other banks, subject to certain conditions that include limitations on the aggregate amount of deposits that may be held by the surviving bank and all of its insured depository institution affiliates. The establishment of de novo interstate branches or the acquisition of individual branches of a bank in another state (rather than the acquisition of an out-of-state bank in its entirety) is allowed by the Riegle-Neal Act only if specifically authorized by state law. The legislation allows individual states to "opt-out" of certain provisions of the Riegle-Neal Act by enacting appropriate legislation prior to June 1, 1997.

In November, 1995, Michigan exercised its right to opt-in early to the Riegle-Neal Act, and permitted non-U.S. banks to establish branch offices in Michigan. Effective November 29, 1995, the Michigan Banking Code was amended to permit, in appropriate circumstances and with the approval of the Commissioner, (i) the acquisition of Michigan-chartered banks by FDIC-insured banks, savings banks, or savings and loan associations located in other states, (ii) the sale by a Michigan-chartered bank of one or more of its branches (not comprising all or substantially all of its assets) to an FDIC insured bank, savings bank or savings and loan association located in a state in which a Michigan-chartered bank could purchase one or more branches of the purchasing entity, (iii) the acquisition by a Michigan-chartered bank of an FDIC-insured bank, savings bank or savings and loan association located in another state, (iv) the acquisition by a Michigan-chartered bank of one or more branches (not comprising all or substantially all of the assets) of an FDIC-insured bank, savings bank or savings and loan association located in another state, (v) the consolidation of one or more Michigan-chartered banks and FDIC-insured banks, savings banks or savings and loan associations located in

other states having laws permitting such consolidation, with the resulting organization chartered either by Michigan or one of such other states, (vi) the establishment by Michigan-chartered banks of branches located in other states, the District of Columbia, or U.S. territories or protectorates, and (vii) the establishment by foreign banks of branches located in Michigan. The amending legislation also expanded the regulatory authority of the Commissioner and made certain other changes.

The Michigan Legislature adopted, effective March 28, 1996, the Credit Reform Act. This statute, together with amendments to other related laws, permits regulated lenders, indirectly including Michigan-chartered banks, to charge and collect higher rates of interest and increased fees on certain types of loans to individuals and businesses. The laws prohibit "excessive fees and charges," and authorize governmental authorities and borrowers to bring actions for injunctive relief and statutory and actual damages for violations by lenders. The statutes specifically authorize class actions, and also civil money penalties for knowing and willful, or persistent violations.

FDIC regulations which became effective April 1, 1996, impose limitations (and in certain cases, prohibitions) on (1) certain "golden parachute" severance payments by troubled depository institutions and their affiliated holding companies to institution-affiliated parties (primarily directors, officers, employees, or principal shareholders of the institution), and (ii) certain indemnification payments by a depository institution or its affiliated holding company, regardless of financial condition, to institution-affiliated parties. The FDIC regulations impose limitations on indemnification payments which could restrict, in certain circumstances, payments by the Company or the Banks to their respective directors or officers otherwise permitted under the Michigan Business Corporation Act ("MBCA") or the Michigan Banking Code, respectively.

In October 1996, Congress enacted EGRPRA, which provides for the recapitalization of SAIF and includes approximately 40 regulatory release initiatives. Among other matters, this legislation provides for expedited application procedures for nonbanking activities by well capitalized and well managed bank holding companies, provides reforms to the Fair Credit Reporting Act, and provides a variety of other regulatory relief to the banking industry.

DESCRIPTION OF DEPOSITARY SHARES

The following description of certain provisions of the Deposit Agreement (as defined below) and of the Depositary Shares and Depositary Receipts does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit Agreement and Depositary Receipts relating to the Preferred Stock filed with the Commission as exhibits to the Registration Statement. The description of the terms and features of the Preferred Stock is set forth below under "Description of Capital Stock -- Preferred Stock."

GENERAL

Each Depositary Share represents a one-quarter (1/4) interest in a share of Preferred Stock. The shares of the Preferred Stock underlying the Depositary Shares will be deposited under a separate Deposit Agreement (the "Deposit Agreement") between the Company and State Street Bank & Trust Company (the "Depositary"). Subject to the terms of the Deposit Agreement, each owner of a Depositary Share will be entitled, in proportion to the applicable fractional interest in a share of Preferred Stock underlying such Depositary Share, to all the rights and preferences of the Preferred Stock underlying such Depositary Share (including dividend, voting, redemption, conversion, and liquidation rights).

Pending the preparation of definitive engraved Depositary Receipts, the Depositary may, upon the written order of the Company, issue temporary Depositary Receipts substantially identical to (and entitling the holders thereof to all the rights pertaining to) the definitive Depositary Receipts but not in definitive form. Definitive Depositary Receipts will be prepared thereafter without unreasonable delay, and temporary Depositary Receipts will be exchangeable for definitive Depositary Receipts at the Company's expense.

Upon surrender of the Depositary Receipts at the principal office of the Depositary (unless the related Depositary Shares have previously been called for redemption), the owner of the Depositary Shares evidenced thereby will be entitled to delivery at such office, to or upon his order, of the number of whole shares of

Preferred Stock and any money or other property represented by such Depositary Shares. Partial shares of Preferred Stock will not be issued. If the Depositary Receipts delivered by the holder evidence a number of Depositary Shares in excess of the number of Depositary Shares representing the number of whole shares of Preferred Stock to be withdrawn, the Depositary will deliver to such holder at the same time a new Depositary Receipt evidencing such excess number of Depositary Shares. Holders of shares of Preferred Stock thus withdrawn will not thereafter be entitled to deposit such shares under the Deposit Agreement or to receipt of Depositary Shares therefor. The Company does not expect that there will be any public trading market for the Preferred Stock except as represented by the Depositary Shares. Furthermore, as previously stated, there can be no assurance that an active public market will develop or be maintained for the Depositary Shares. See "Risk Factors -- Lack of Market for the Depositary Shares."

DIVIDENDS AND OTHER DISTRIBUTIONS

The Depositary will distribute all cash dividends or other cash distributions received in respect of the Preferred Stock to the record holders of Depositary Shares in proportion to the numbers of such Depositary Shares owned by such holders on the relevant record date. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any holder of Depositary Shares a fraction of one cent, and any balance not so distributed shall be added to and treated as part of the next sum received by the Depositary for distribution to record holders of Depositary Shares.

In the event of a distribution other than in cash, the Depositary will distribute property received by it to the record holders of Depositary Shares entitled thereto, unless the Depositary determines that it is not feasible to make such distribution, in which case the Depositary may, with the approval of the Company, sell such property and distribute the net proceeds from such sale to such holders.

The Deposit Agreement also contains provisions relating to the manner in which any subscription or similar rights offered by the Company to holders of the Preferred Stock shall be made available to holders of Depositary Shares.

CONVERSION

A holder of Depositary Receipts may participate in the conversion of the Preferred Stock as discussed below under "Description of Capital Stock -- Preferred Stock--Conversion Rights." If the Depositary Shares represented by a Depositary Receipt are to be converted in part only, a new Depositary Receipt or Depositary Receipts will be issued by the Depositary for the Depositary Shares not to be converted. No fractional shares of Common Stock will be issued upon conversion, and if such conversion would result in a fractional share being issued, an amount will be paid in cash by the Company equal to the value of the fractional interest based upon the closing price of the Common Stock on the date of conversion, or if such date is not a trading date, on the next succeeding trading date.

REDEMPTION OF DEPOSITARY SHARES

At any time on or after _____, 2001, and subject to the prior approval of the Federal Reserve Board, the Company may redeem the Preferred Stock for \$100 per share plus accrued and unpaid dividends through the effective date of redemption. If the Preferred Stock is redeemed, the Depositary Shares will be redeemed from the proceeds received by the Depositary resulting from the redemption, in whole or in part, of the Preferred Stock held by the Depositary. The Depositary shall mail notice of redemption not less than 30 and not more than 60 days prior to the date fixed for redemption to the record holders of the Depositary Shares to be so redeemed at their respective addresses appearing in the Depositary's books. The redemption price per Depositary Share will be equal to the applicable fraction of the redemption price per share payable with respect to the Preferred Stock. Whenever the Company redeems shares of Preferred Stock held by the Depositary, the Depositary will redeem as of the same redemption date the number of Depositary Shares relating to shares of Preferred Stock so redeemed. If less than all the Depositary Shares are to be redeemed, the Depositary Shares to be redeemed will be selected pro rata as nearly as practicable or by lot, or by such other method determined to be fair and appropriate by the Company.

After the date fixed for redemption, the Depositary Shares so called for redemption will no longer be deemed to be outstanding and all rights of the holders of the Depositary Shares will cease, except the right to receive the monies payable upon such redemption and any money or other property to which the holders of such Depositary Shares were entitled upon such redemption upon surrender to the Depositary of the Depositary Receipts evidencing such Depositary Shares.

VOTING THE PREFERRED STOCK

In general, holders of the Depositary Shares or the Preferred Stock will not be entitled to voting rights. See "Description of Capital Stock -- Preferred Stock -- Voting." Upon receipt of notice of any meeting at which the holders of the Preferred Stock are entitled to vote as discussed below under "Description of Capital Stock -- Preferred Stock -- Voting," the Depositary will mail the information contained in such notice of meeting to the record holders of the Depositary Shares relating to such Preferred Stock. Each record holder of such Depositary Shares on the record date (which will be the same date as the record date for the Preferred Stock) will be entitled to instruct the Depositary as to the exercise of the voting rights pertaining to the number of shares of Preferred Stock underlying such holder's Depositary Shares. The Depositary will endeavor, insofar as practicable, to vote the number of shares of Preferred Stock underlying such Depositary Shares in accordance with such instructions, and the Company will agree to take all action which may be deemed necessary by the Depositary in order to enable the Depositary to do so. The Depositary will abstain from voting shares of Preferred Stock to the extent it does not receive specific instructions from the holders of Depositary Shares relating to such Preferred Stock.

AMENDMENT AND TERMINATION OF THE DEPOSIT AGREEMENT

The form of Depositary Receipt evidencing the Depositary Shares and any provision of the Deposit Agreement may at any time be amended by agreement between the Company and the Depositary. However, any amendment which materially and adversely alters the rights of the existing holders of Depositary Shares will not be effective unless such amendment has been approved by the record holders of at least 66 2/3% of the Depositary Shares then outstanding. The Deposit Agreement may be terminated by the Company or the Depositary if, among other reasons, (i) all outstanding Depositary Shares have been redeemed or if applicable, converted into Common Stock, or (ii) there has been a final distribution in respect of the Preferred Stock in connection with any liquidation, dissolution or winding up of the Company and such distribution has been distributed to the holders of the related Depositary Shares.

CHANGES OF DEPOSITARY

The Company will pay all transfer and other taxes and governmental charges arising solely from the existence of the Deposit Agreement. The Company will pay charges of the Depositary in connection with the initial deposit of the Preferred Stock and any redemption of the Preferred Stock. Holders of Depositary Shares will pay other transfer and other taxes and governmental charges and such other charges as are expressly provided in the Deposit Agreement to be for their accounts.

MISCELLANEOUS

The transfer agent, registrar, dividend disbursing agent, and redemption agent for the Depositary Shares is State Street Bank & Trust Company. The Depositary will forward to the holders of Depositary Shares all reports and communications from the Company which are delivered to the Depositary and which the Company is required to furnish to the holders of the Preferred Stock.

Neither the Depositary nor the Company will be liable if it is prevented or delayed by law or any circumstance beyond its control in performing its obligations under the Deposit Agreement. The obligations of the Company and the Depositary under the Deposit Agreement will be limited to performance in good faith of their duties thereunder and they will not be obligated to prosecute or defend any legal proceeding in respect of any Depositary Shares or Preferred Stock unless satisfactory indemnity is furnished. They may rely upon

written advice of counsel or accountants, holders of Depositary Shares or other persons believed to be competent and on documents believed to be genuine.

RESIGNATION AND REMOVAL OF DEPOSITARY

The Depositary may resign at any time by delivering to the Company notice of its election to do so, and the Company may at any time remove the Depositary, any such resignation or removal to take effect upon the appointment of a successor Depositary and its acceptance of such appointment. Such successor Depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000.

DESCRIPTION OF CAPITAL STOCK

The Company's authorized capital stock consists of 200,000 shares of preferred stock, none of which are outstanding, and 14,000,000 shares of Common Stock, 2,861,399 of which were outstanding as of September 30, 1996. The following is a description of the Company's capital stock.

COMMON STOCK

Subject to the rights, if any, of holders of any of the Company's preferred stock then outstanding, all voting rights are vested in holders of shares of Common Stock. Each share of Common Stock entitles the holder thereof to one vote. Holders of shares of Common Stock are not entitled to cumulative voting rights and have no preemptive right to subscribe for additional securities issuable by the Company.

Subject to any prior rights of holders of preferred stock then outstanding, holders of the Company's Common Stock are entitled to receive dividends as the Board of Directors may from time to time declare out of funds legally available for that purpose. In the event of the liquidation, dissolution or winding up of the Company, holders of Common Stock are entitled to share pro rata in the assets available for distribution to holders of Common Stock. The outstanding shares of Common Stock are fully paid and non-assessable. The Company's transfer agent is State Street Bank & Trust Company.

PREFERRED STOCK

The following description of the terms of the Preferred Stock sets forth certain general terms and provisions of the Preferred Stock. The following description of certain provisions of the Preferred Stock does not purport to be complete and is subject to and qualified in its entirety by reference to the Certificate of Designation relating to the Preferred Stock, a copy of which has been filed as an exhibit to the Registration Statement.

DIVIDENDS. Holders of the Preferred Stock will be entitled to receive, when and as declared by the Board of Directors of the Company, out of assets of the Company legally available for payment, cash dividends at the rate of % of the liquidation preference per annum (equivalent to \$ per annum per Depositary Share). Dividends will be calculated on the basis of a 360 day year consisting of twelve 30 day months and will be payable quarterly on the last business day of each January, April, July, and October, commencing , 1997. The initial dividend will be \$ (equivalent to \$ per Depositary Share). Dividends on the Preferred Stock will be cumulative from the date of initial issuance. Each dividend will be payable to holders of record as they appear on the stock register of the Company on the record dates fixed by the Board of Directors of the Company.

If at any time there shall be outstanding shares of any other series of preferred stock ranking junior to or on parity with the Preferred Stock as to dividends, no dividends shall be declared or paid or set apart for payment on any such other series for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such dividends. If dividends on the Preferred Stock and on any other series of preferred stock

ranking on parity as to dividends with the Preferred Stock are in arrears, in making any dividend payment on account of such arrearages, the Company shall make payments ratably upon all outstanding shares of the Preferred Stock and shares of such other series of preferred stock in proportion to the respective amounts of dividends in arrears on the Preferred Stock and on such other series of preferred stock to the date of such dividend payment. Holders of shares of the Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends.

No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Preferred Stock which may be in arrears. Unless full cumulative dividends on all outstanding shares of the Preferred Stock shall have been paid or declared and set aside for payment for all past dividend periods, no dividend (other than a dividend in Common Stock or in any other stock ranking junior to the Preferred Stock as to dividends and upon liquidation) shall be declared upon the Common Stock or upon any other stock ranking junior to the Preferred Stock as to dividends and upon liquidation, nor shall any Common Stock or any other stock of the Company ranking junior to or on parity with the Preferred Stock as to dividends or upon liquidation, be redeemed, purchased or otherwise acquired for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to the Preferred Stock as to dividends and upon liquidation).

CONVERSION RIGHTS. Shares of the Preferred Stock will be convertible at any time at the option of the holder into shares of Common Stock of the Company at a conversion price of \$ _____ per share of Common Stock (equivalent to a conversion rate of _____ share of Common Stock for each Depositary Share), subject to adjustment as described below (except that a share of Preferred Stock that has been called for redemption will be convertible up to and including but not after the close of business on the tenth day preceding the date fixed for redemption).

The conversion price is subject to adjustment upon certain events, including: the issuance of Common Stock of the Company as a dividend or distribution on shares of Common Stock; subdivisions, combinations or reclassifications of outstanding shares of Common Stock; the issuance to holders of Common Stock generally of rights or warrants to subscribe for Common Stock at less than the then current market price; or the distribution to holders of the Common Stock of evidences of indebtedness, assets (excluding cash dividends or distributions payable out of consolidated earnings or earned surplus), or rights or warrants to subscribe for securities of the Company other than those mentioned above.

In the case of (i) any consolidation or merger to which the Company is a party (other than one in which the Company is the surviving corporation), (ii) a sale, lease or conveyance of the assets of the Company as, or substantially as, an entirety, or (iii) any statutory exchange of securities with another corporation, there will be no adjustment of the conversion price, but the holder of each share of Preferred Stock then outstanding will have the right thereafter to convert such share into the kind and amount of securities, cash, or other property that the holder would have owned or been entitled to receive immediately after such consolidation, merger, statutory exchange, sale or conveyance if such share had been converted immediately before the effective date of such consolidation, merger, statutory exchange, sale or conveyance.

Any accrued and unpaid dividends at the time of conversion will be paid by the Company in either cash or additional shares of Common Stock, as determined by the Company, unless the Depositary Shares surrendered for conversion have been called for redemption, in which event such accrued and unpaid dividends at the time of conversion will be paid by the Company in cash.

No adjustment of the conversion price will be required to be made in any case unless the adjustment amounts to one percent or more of the conversion price, but any adjustment not made by reason of this limitation will be required to be carried forward and taken into account in any subsequent adjustments.

REDEMPTION. Shares of Preferred Stock will not be redeemable prior to _____, 2001. Thereafter, the shares of Preferred Stock will be redeemable at the option of the Company, subject to the approval of the Federal Reserve Board, in whole or in part, at any time or from time to time, on not less than 30 nor more than 60 days' notice by mail, at a redemption price of \$100 per share (equivalent to \$25 per Depositary Share) plus

accrued and unpaid dividends to the redemption date. The Preferred Stock will not be subject to any sinking fund or other obligation of the Company to redeem or retire the Preferred Stock.

At its election, the Company, before the redemption date, may deposit the funds for such redemption, in trust, with a designated depository and authorize such depository to complete the redemption, and, after such deposit, all rights of the holders of Preferred Stock and related Depository Shares so called for redemption shall cease, except the right to convert up to the close of business on the tenth day prior to a redemption date and to receive the redemption price. However, as and to the extent that the Company or the Depository is required or permitted under the abandoned property laws of any jurisdiction to escheat any redemption funds held for the benefit of any holder, the Company and the Depository shall be absolved of any further liability or obligation to such holder to the fullest extent provided by law. Notwithstanding the foregoing, if any dividends on the Preferred Stock are in arrears, no shares of Preferred Stock or Depository Shares may be redeemed unless all outstanding shares of Preferred Stock are simultaneously redeemed, and the Company shall not purchase or otherwise acquire any shares of Preferred Stock or Depository Shares; provided, however, that the foregoing shall not prevent the purchase or acquisition of shares of Preferred Stock or Depository Shares by the Company pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Preferred Stock or Depository Shares.

If a notice of redemption has been given, from and after the redemption date for the shares of Preferred Stock called for redemption (unless default shall be made by the Company in providing money for the payment of the redemption price of the shares so called for redemption), dividends on the Preferred Stock so called for redemption shall cease to accrue and such shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as shareholders of the Company (except the right to receive the redemption price) shall cease. Upon surrender in accordance with such notice of the certificates representing any shares to be redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state), the redemption price set forth above shall be paid out of funds provided by the Company. If fewer than all of the shares represented by any such certificates are redeemed, a net certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

LIQUIDATION RIGHTS. In the event of any voluntary or involuntary dissolution, liquidation, or winding up of the Company, the holders of the Preferred Stock will be entitled to receive and to be paid out of assets of the Company available for distribution to its stockholders, before any payment or distribution is made to holders of Common Stock or any other class of stock ranking junior to the Preferred Stock upon liquidation, a liquidating distribution of \$100 per share of Preferred Stock (equivalent to \$25 per Depository Share) plus accrued and unpaid dividends. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the Preferred Stock will have no right or claim to any of the remaining assets of the Company. If, upon any voluntary or involuntary dissolution, liquidation, or winding up of the Company, the amounts payable with respect to the Preferred Stock and any other shares of stock of the Company ranking as to any such distribution on parity with the Preferred Stock are not paid in full, the holders of the Preferred Stock and of such other shares will share ratably in any such distribution of assets of the Company in proportion to the full respective distributable amounts to which they are entitled. Neither the sale of the assets of the Company substantially as an entirety, nor the merger or consolidation of the Company into or with any other corporation shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, of the Company. The Company may in the future issue additional series of preferred stock ranking on parity with the Preferred Stock, either as to payment of dividends or upon any distribution of assets in a liquidation of the Company.

VOTING. Except as otherwise required by applicable law or as described below, holders of the Depository Shares or the Preferred Stock will not be entitled to vote on any matter, including but not limited to any merger, consolidation or transfer of assets, and will not be entitled to notice of any meeting of shareholders of the Company. Whenever the approval or other action of holders of the Preferred Stock is required by applicable law or by the Articles of Incorporation, each share of the Preferred Stock will be entitled to one vote, and except as described below, the affirmative vote of a majority of such shares at a meeting at which a majority of such shares are present or represented will be sufficient to constitute such approval or other action. Holders of Depository Shares will be entitled to vote the shares of Preferred Stock which their Depository Shares represent. See "Description of Depository Shares."

The affirmative vote of the holders of at least 66 2/3% of the outstanding shares of Preferred Stock is required to amend the Articles of Incorporation of the Company to create or authorize any class of stock ranking prior to the Preferred Stock in respect of dividends or distribution of assets on liquidation or otherwise alter or abolish the liquidation preferences or any other preferential right of the Preferred Stock, reduce the redemption price to otherwise alter any redemption rights of the Preferred Stock, alter or abolish any right of the Preferred Stock to receive dividends, or exclude or limit the voting rights as to these matters.

If at any time the Company falls in arrears in the payment of dividends on the Preferred Stock in an aggregate amount at least equal to the full accrued dividends for six quarterly dividend periods, the number of directors will be increased by two and the holders of the Preferred Stock (and all classes of preferred stock ranking on parity thereto), voting separately as a single class, will have the right to elect two directors to fill the positions so created, and such right will continue until all dividends in arrears for any past dividend period have been paid in full.

Under regulations adopted by the Federal Reserve Board, if the holders of the Preferred Stock become entitled to vote for the election of directors because dividends on the Preferred Stock are in arrears, the series may then be deemed a "class of voting securities", and a holder of, or a person seeking to acquire, 25% or more of the shares of Preferred Stock (or a holder of 5% or more if such holder otherwise exercises a "controlling influence" over the Company), may then be required to seek the approval of the Federal Reserve Board to become a bank holding company under the BHCA. If the holder fails to receive approval, the holder would be required to sell some or all of the shares of Preferred Stock. In addition, at such time as the Preferred Stock is deemed a class of voting securities, any other bank holding company may be required to obtain the approval of the Federal Reserve Board to retain or acquire 5% or more of the series, and any person other than a bank holding company may be required by the Change in Bank Control Act to obtain the prior approval the Federal Reserve Board to acquire 10% or more of the Preferred Stock.

OTHER FEATURES OF PREFERRED STOCK. Holders of the Preferred Stock will have no preemptive rights. Shares of Preferred Stock, when issued, will be validly issued, fully paid and nonassessable. The Depositary Shares have been approved for quotation on the Nasdaq National Market under the symbol "IBCPP."

Because the Company is a holding company, its rights and the rights of holders of its securities, including the holders of Preferred Stock, to participate in the assets of any subsidiary Bank upon the latter's liquidation or recapitalization will be subject to the prior claims of the subsidiary's creditors and preferred shareholders, if any, except to the extent the Company may itself be a creditor with recognized claims against the subsidiary or the holder of preferred shares, if any, of the subsidiary.

GENERAL

The Company's Articles of Incorporation and the Michigan Business Corporation Act contain provisions which could be utilized by the Company to impede any efforts to acquire control of the Company, namely:

Classified Board of Directors. The Company's Articles of Incorporation provide for the division of the Board of Directors into three classes with staggered three-year terms of office. Accordingly, because a person considering the acquisition of voting control of the Company could not necessarily obtain majority control of the Board of Directors until the second annual meeting of the Company's shareholders following the acquisition of voting control, such a person might be dissuaded from seeking to obtain voting control of the Company.

Michigan Fair Price Provisions. Chapter 7A of the Michigan Business Corporation Act impacts certain business combinations involving Michigan corporations such as the Company. Except in cases in which certain minimum price, form of consideration, and procedural requirements are satisfied or for certain transactions that may be approved in advance by the Company's Board of Directors, higher than normal voting requirements are imposed with respect to various transactions involving persons who own ten percent or more of the Company's voting stock (referred to as "Interested Shareholders"). Transactions to which the higher voting requirements apply require an advisory statement from the Board of Directors and must be approved by not less than 90% of the votes of each class of stock entitled to vote and by not less than two-thirds of the

votes, other than the votes of Interested Shareholders who are (or whose affiliates are) a party to the proposed transaction or an affiliate of the Interested Shareholders, of each class entitled to vote.

Michigan Shareholder Equity Provisions. Chapter 7B of the Michigan Business Corporation Act affects the voting rights of persons who acquire more than 20%, 33 1/3%, or 50 percent of a Michigan corporation's voting stock (referred to as "Control Shares"). Chapter 7B denies shareholder voting rights to those persons or entities who make purchase offers or investors who increase their holdings above any of the Control Share levels, unless they are granted voting rights by a majority vote of all disinterested shareholders (shareholders excluding the bidders or owners of Control Shares and the corporation's management). If the shareholders do not elect to grant voting rights to Control Shares, under certain circumstances, the Control Shares may become subject to redemption.

FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the principal federal income tax considerations relevant to holders of the Depositary Shares or the underlying Preferred Stock. This summary is qualified in its entirety by reference to, and is based upon, laws, regulations, rulings and decisions in effect on the date of this Prospectus and as those laws, regulations, rulings and decisions were interpreted on such date. This summary does not discuss all aspects of federal income taxation that may be relevant to a particular investor or to certain types of investors subject to special treatment under the federal income tax law (for example, banks, dealers in securities, life insurance companies, tax-exempt organizations and foreign taxpayers), or any aspect of state, local or foreign tax laws.

DEPOSITARY SHARES

Owners of Depositary Shares will be treated for federal income tax purposes as if they were owners of the Preferred Stock represented by such Depositary Shares and, accordingly, will be entitled to take into account for federal income tax purposes income and deductions to which they would be entitled if they were holders of such Preferred Stock. In addition, under current law, (i) no gain or loss will be recognized for federal income tax purposes upon the withdrawal of Preferred Stock in exchange for Depositary Shares as provided in the Deposit Agreement, (ii) the tax basis of each share of Preferred Stock to an exchanging owner of Depositary Shares will, upon such exchange, be the same as the aggregate tax basis of the Depositary Shares exchanged therefor, and (iii) the holding period for shares of the Preferred Stock in the hands of any exchanging owner of Depositary Shares who held such Depositary Shares as a capital asset at the time of the exchange thereof for Preferred Stock will include the period during which such person owned such Depositary Shares.

SALE OR EXCHANGE OF PREFERRED STOCK

A holder of Preferred Stock who sells or exchanges such shares will recognize gain or loss equal to the difference between the amount realized and the basis in the shares sold. Such gain or loss generally will be capital gain or loss so long as the shares were held as a capital asset at the time of the sale or exchange.

CONVERSION OF SHARES OF PREFERRED STOCK

Holders of shares of Preferred Stock who exercise their right to convert such shares into shares of Common Stock will not recognize any gain or loss on the conversion. The basis of the shares of Common Stock received on the conversion will be the same as the basis of the shares of Preferred Stock surrendered. The holding period for the shares of Common Stock received on the conversion will include the holding period for the shares of Preferred Stock surrendered.

RECEIPT OF CASH IN LIEU OF FRACTIONAL SHARES

Holders of the Preferred Stock who receive cash in lieu of fractional shares upon conversion of the Preferred Stock will be treated as if they had received fractional shares of Common Stock and such fractional shares were redeemed by the Company immediately thereafter. Under the Code section applicable to redemptions, a stockholder who receives cash in a redemption that qualifies as a "sale or exchange" will recognize capital gain or loss equal to the difference between the amount of cash received and the tax basis of the fractional shares. Any capital gain or capital loss resulting from the receipt of cash in lieu of fractional shares will be long term if such stockholder has held the Preferred Stock for more than one year.

Under the rules of Section 302 of the Code, if the receipt of cash in lieu of fractional shares pursuant to the conversion does not constitute a "sale or exchange" with respect to a given stockholder, then the cash received by the stockholder in lieu of fractional shares would be treated as a dividend to the extent that the Company has current and/or accumulated earnings and profits.

CONSTRUCTIVE STOCK DISTRIBUTIONS

Treasury regulations issued under Section 305 of the Internal Revenue Code of 1986, as amended, treat as taxable events certain constructive distributions of stock with respect to stock and convertible securities. An adjustment in the conversion price of the Preferred Stock to reflect taxable distributions on Common Stock (but not stock splits or nontaxable stock dividends) may be treated as a constructive distribution of stock that is taxable as a dividend to the extent that the Company has current and/or accumulated earnings and profits.

PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE, AND LOCAL TAX CONSEQUENCES OF ACQUIRING, HOLDING, CONVERTING, AND DISPOSING OF THE DEPOSITARY SHARES, PREFERRED STOCK AND COMMON STOCK ISSUABLE UPON CONVERSION THEREOF.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has agreed, subject to the terms and conditions contained in the Underwriting Agreement, the form of which is filed as an exhibit to the Registration Statement of which this Prospectus is a part, to purchase from the Company 600,000 Depositary Shares at the initial offering price less the underwriting discount set forth on the cover page of this Prospectus. The Underwriting Agreement provides that the obligation of the Underwriter is subject to certain conditions precedent, and that the Underwriter is committed to purchase all of such Depositary Shares, if any are purchased.

The Underwriter proposes initially to offer the Depositary Shares to the public on the terms set forth on the cover page of this Prospectus. The Underwriter may allow to selected dealers a concession of not more than \$ per Depositary Share, and the Underwriter may allow, and such dealer may reallow, a concession of not more than \$ to certain other dealers. After the initial offering, the offering price and other selling terms may be changed by the Underwriter. No reduction in such terms shall change the amount of proceeds to be received by the Company as set forth on the cover page of this Prospectus. The Depositary Shares are offered subject to receipt and acceptance by the Underwriter, and to certain other conditions, including the right to reject an order in whole or in part.

The Company has granted an option to the Underwriter, exercisable during the 30-day period after the date of this Prospectus, to purchase up to a maximum of 90,000 additional Depositary Shares to cover over-allotments, if any, at the same price per Depositary Share as the initial 600,000 Depositary Shares to be purchased by the Underwriter. The Underwriter may purchase such Depositary Shares only to cover over-allotments made in connection with the Offering.

The Underwriting Agreement provides that the Company will indemnify the Underwriter against certain liabilities, including civil liabilities under the Securities Act of 1933, as amended, or will contribute to payments the Underwriter may be required to make in respect thereof.

LEGAL MATTERS

The validity of the Preferred Stock offered hereby will be passed upon for the Company by Varnum, Riddering, Schmidt & Howlett LLP, Grand Rapids, Michigan. Certain legal matters will be passed upon for the Underwriter by Bryan Cave LLP, St. Louis, Missouri.

EXPERTS

The consolidated financial statements of the Company as of December 31, 1995 and 1994, and for each of the years in the three year period ended December 31, 1995 included herein and incorporated by reference in this Prospectus and elsewhere in the Registration Statement have been audited by KPMG Peat Marwick LLP, independent accountants, to the extent and for the periods set forth in their report appearing elsewhere herein and incorporated herein by reference. The consolidated financial statements of the Company are included and incorporated herein in reliance upon such report given upon the authority of such firm as an expert in auditing and accounting.

The consolidated financial statements of North Bank Corporation as of December 31, 1995 and 1994, and for each of the years in the three year period ended December 31, 1995 included herein and incorporated by reference in this Prospectus and elsewhere in this Registration Statement have been audited by Crowe, Chizek and Company LLP, independent accountants, to the extent and for the periods set forth in their report appearing elsewhere herein, and incorporated herein by reference. The consolidated financial statements of North Bank Corporation are included and incorporated herein in reliance upon such report given upon the authority of such firm as an expert in auditing and accounting.

AVAILABLE INFORMATION

The Company is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). The reports, proxy statements and other information can be inspected and copied at the Public Reference Section of the Commission Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's Regional Offices located at 7 World Trade Center, Suite 1300, New York, New York 10048, and 500 West Madison Street, Suite 1400, Chicago, Illinois 60601. Copies of such materials can be obtained by mail from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The Commission maintains a Web site (which can be found at <http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission.

The Company has filed with the Commission a Registration Statement on Form S-2 (herein, together with all amendments and exhibits thereto and documents incorporated by reference, referred to as the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information, reference is hereby made to the Registration Statement. The statements contained in this Prospectus concerning the contents of any contract or other document referred to are not necessarily complete. Where such contract or other document is an exhibit to the Registration Statement, each statement is qualified in all respects by the provisions of such exhibit, to which reference is hereby made for a full statement of the provisions thereof.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's annual report on Form 10-K for the year ended December 31, 1995, its quarterly reports on Form 10-Q for the quarters ended March 31, 1996, June 30, 1996 and September 30, 1996, and its current report on Form 8-K, dated June 6, 1996 (as amended August 9, 1996), and which have been filed by the Company with the Commission (File No. 0-7818), are incorporated herein by reference.

Any statement contained in a document incorporated herein by reference shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Upon request, the Company will provide, without charge, copies of any documents incorporated by reference herein (other than certain exhibits) to any person to whom a Prospectus is delivered. Requests for such copies should be directed to William R. Kohls, Secretary, Independent Bank Corporation, 230 West Main Street, Ionia, Michigan 48846, telephone (616) 527-9450.

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INDEPENDENT BANK CORPORATION
CONSOLIDATED BALANCE SHEETS

	YEAR ENDED	
	DECEMBER 31	
	1995	1994
ASSETS		
Cash and Cash Equivalents		
Cash and due from banks.....	\$ 17,208,000	\$ 22,869,000
Federal funds sold.....		850,000
Total Cash and Cash Equivalents.....	17,208,000	23,719,000
Securities available for sale.....	87,553,000	52,756,000
Securities held to maturity (fair value of \$29,031,000 at December 31, 1995; \$77,450,000 at December 31, 1994).....	27,906,000	77,721,000
Federal Home Loan Bank stock, at cost.....	7,710,000	3,433,000
Loans held for sale.....	16,047,000	5,933,000
Loans		
Commercial and agricultural.....	108,879,000	103,984,000
Real estate mortgage.....	225,900,000	166,794,000
Installment.....	83,265,000	65,947,000
Total Loans.....	418,044,000	336,725,000
Allowance for loan losses.....	(5,243,000)	(5,054,000)
Net Loans.....	412,801,000	331,671,000
Property and equipment, net.....	9,931,000	9,493,000
Accrued income and other assets.....	10,991,000	11,485,000
Total Assets.....	\$590,147,000	\$516,211,000
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Non-interest bearing.....	\$ 46,168,000	\$ 48,641,000
Savings and NOW.....	215,336,000	227,137,000
Time.....	150,120,000	133,693,000
Total Deposits.....	411,624,000	409,471,000
Federal funds purchased.....	13,400,000	13,900,000
Other borrowings.....	110,894,000	47,741,000
Accrued expenses and other liabilities.....	7,204,000	4,788,000
Total Liabilities.....	543,122,000	475,900,000
Commitments and contingent liabilities		
Shareholders' Equity		
Preferred stock, no par value -- 200,000 shares authorized; none outstanding		
Common stock, \$1.00 par value -- 14,000,000 shares authorized; issued and outstanding:		
2,704,038 shares at December 31, 1995 and 2,589,163 shares at December 31, 1994.....	2,704,000	2,589,000
Capital surplus.....	19,924,000	16,932,000
Retained earnings.....	23,683,000	22,910,000
Net unrealized gain (loss) on securities available for sale, net of related tax effect.....	714,000	(2,120,000)
Total Shareholders' Equity.....	47,025,000	40,311,000
Total Liabilities and Shareholders' Equity.....	\$590,147,000	\$516,211,000
	=====	=====

See notes to consolidated financial statements.

INDEPENDENT BANK CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
INTEREST INCOME			
Interest and fees on loans.....	\$37,861,000	\$29,107,000	\$26,128,000
Securities available for sale.....	2,692,000	2,853,000	1,232,000
Securities held to maturity			
Taxable.....	3,227,000	3,684,000	4,744,000
Tax-exempt.....	1,781,000	1,716,000	1,731,000
Other investments.....	421,000	460,000	535,000
Total Interest Income.....	45,982,000	37,820,000	34,370,000
INTEREST EXPENSE			
Deposits.....	12,470,000	11,092,000	12,027,000
Other borrowings.....	5,430,000	1,493,000	278,000
Total Interest Expense.....	17,900,000	12,585,000	12,305,000
Net Interest Income.....	28,082,000	25,235,000	22,065,000
Provision for loan losses.....	636,000	473,000	657,000
Net Interest Income After Provision for Loan Losses.....	27,446,000	24,762,000	21,408,000
NON-INTEREST INCOME			
Service charges on deposit accounts.....	1,919,000	1,892,000	1,589,000
Net gains (losses) on asset sales			
Real estate mortgage loans.....	728,000	249,000	721,000
Securities.....	(120,000)	(174,000)	637,000
Other income.....	1,239,000	1,134,000	951,000
Total Non-interest Income.....	3,766,000	3,101,000	3,898,000
NON-INTEREST EXPENSE			
Salaries and employee benefits.....	12,163,000	10,562,000	9,316,000
Occupancy, net.....	1,548,000	1,392,000	1,237,000
Furniture and fixtures.....	1,345,000	1,248,000	968,000
Other expenses.....	6,646,000	6,301,000	6,014,000
Total Non-interest Expense.....	21,702,000	19,503,000	17,535,000
Income Before Federal Income Tax.....	9,510,000	8,360,000	7,771,000
Federal income tax expense.....	2,700,000	2,329,000	2,165,000
Net Income.....	\$ 6,810,000	\$ 6,031,000	\$ 5,606,000
Income per common share.....	\$2.38	\$2.09	\$1.95
Cash dividends declared per common share.....	\$0.89	\$0.72	\$0.50

See notes to consolidated financial statements.

INDEPENDENT BANK CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
Net Income.....	\$ 6,810,000	\$ 6,031,000	\$ 5,606,000
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH FROM OPERATING ACTIVITIES			
Proceeds from sales of loans held for sale.....	51,976,000	38,103,000	50,142,000
Disbursements for loans held for sale.....	(54,262,000)	(37,411,000)	(49,397,000)
Provision for loan losses.....	636,000	473,000	657,000
Deferred federal income tax expense (credit).....	(1,208,000)	474,000	(13,000)
Deferred loan fees.....	109,000	(179,000)	(2,000)
Depreciation, amortization of intangible assets and premiums and accretion of discounts on securities and loans.....	2,247,000	2,494,000	1,875,000
Net gains on sales of real estate mortgage loans....	(728,000)	(249,000)	(721,000)
Net (gains) losses on sales of securities.....	120,000	174,000	(637,000)
Decrease in accrued income and other assets.....	286,000	1,891,000	499,000
Increase (decrease) in accrued expenses and other liabilities.....	2,587,000	373,000	(213,000)
Total Adjustments.....	1,763,000	6,143,000	2,190,000
Net Cash from Operating Activities.....	8,573,000	12,174,000	7,796,000
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sales of securities available for sale.....	14,054,000	28,384,000	34,341,000
Proceeds from maturities of securities held to maturity.....	13,920,000	25,094,000	9,589,000
Principal payments received on securities available for sale.....	1,347,000	285,000	
Principal payments received on securities held to maturity.....	5,116,000	8,866,000	12,868,000
Purchases of securities available for sale.....	(732,000)	(34,658,000)	(45,589,000)
Purchases of securities held to maturity.....	(19,423,000)	(28,299,000)	(30,389,000)
Portfolio loans made to customers, net of principal payments received.....	(88,906,000)	(54,751,000)	8,134,000
Acquisitions of banks, less cash received.....			3,533,000
Acquisition of branch office, less cash received....	13,949,000		
Capital expenditures.....	(1,642,000)	(1,283,000)	(2,105,000)
Net Cash from Investing Activities.....	(62,317,000)	(56,362,000)	(9,618,000)
CASH FLOW FROM FINANCING ACTIVITIES			
Net increase (decrease) in total deposits.....	(12,273,000)	(14,149,000)	4,634,000
Net increase (decrease) in short-term borrowings....	(347,000)	16,252,000	(297,000)
Proceeds from Federal Home Loan Bank advances.....	104,000,000	44,000,000	6,000,000
Payments of Federal Home Loan Bank advances.....	(41,000,000)	(10,000,000)	
Proceeds from issuance of long-term borrowings.....			3,000,000
Retirement of debt.....		(2,750,000)	(250,000)
Dividends paid.....	(2,392,000)	(1,926,000)	(1,380,000)
Proceeds from issuance of common stock.....	138,000	16,000	
Repurchase of common stock.....	(893,000)	(924,000)	
Net Cash from Financing Activities.....	47,233,000	30,519,000	11,707,000
Net Increase (Decrease) in Cash and Cash Equivalents.....	(6,511,000)	(13,669,000)	9,885,000
Cash and Cash Equivalents at Beginning of Period.....	23,719,000	37,388,000	27,503,000
Cash and Cash Equivalents at End of Period.....	\$ 17,208,000	\$ 23,719,000	\$ 37,388,000
Cash paid during the period for			
Interest.....	\$ 17,604,000	\$ 12,696,000	\$ 12,572,000
Income taxes.....	3,110,000	2,366,000	2,466,000
Transfer of loans to other real estate.....	555,000	254,000	556,000
Transfer of portfolio loans to held for sale.....	7,100,000		
Transfer of securities held to maturity to available for sale.....	52,601,000	19,283,000	

See notes to consolidated financial statements.

INDEPENDENT BANK CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	COMMON STOCK	CAPITAL SURPLUS	RETAINED EARNINGS	NET REALIZED GAIN (LOSS) ON SECURITIES AVAILABLE FOR SALE	TOTAL SHAREHOLDERS' EQUITY
	-----	-----	-----	-----	-----
Balances at January 1, 1993...	\$2,590,000	\$17,084,000	\$14,793,000	\$ 0	\$ 34,467,000
Net income for 1993.....			5,606,000		5,606,000
Cash dividends declared, \$.50 per share.....			(1,432,000)		(1,432,000)
Issuance of 21,477 shares of common stock.....	21,000	387,000			408,000
	-----	-----	-----	-----	-----
Balances at December 31, 1993.....	2,611,000	17,471,000	18,967,000	0	39,049,000
Impact of change in accounting for securities, net of \$46,000 of related tax effect.....				90,000	90,000
Net income for 1994.....			6,031,000		6,031,000
Cash dividends declared, \$.72 per share.....			(2,088,000)		(2,088,000)
Issuance of 18,356 shares of common stock.....	18,000	345,000			363,000
Repurchase of 40,000 shares of common stock.....	(40,000)	(884,000)			(924,000)
Net change in unrealized gain (loss) on securities available for sale, net of \$1,138,000 of related tax effect.....				(2,210,000)	(2,210,000)
	-----	-----	-----	-----	-----
Balances at December 31, 1994.....	2,589,000	16,932,000	22,910,000	(2,120,000)	40,311,000
Net income for 1995.....			6,810,000		6,810,000
Cash dividends declared, \$.89 per share.....			(2,506,000)		(2,506,000)
5% stock dividend.....	129,000	3,386,000	(3,531,000)		(16,000)
Issuance of 22,430 shares of common stock.....	22,000	463,000			485,000
Repurchase of 35,900 shares of common stock.....	(36,000)	(857,000)			(893,000)
Transfer of securities held to maturity to available for sale, net of \$443,000 of related tax effect.....				859,000	859,000
Net change in unrealized gain (loss) on securities available for sale, net of \$1,017,000 of related tax effect.....				1,975,000	1,975,000
	-----	-----	-----	-----	-----
Balances at December 31, 1995.....	\$2,704,000	\$19,924,000	\$23,683,000	\$ 714,000	\$ 47,025,000
	=====	=====	=====	=====	=====

See notes to consolidated financial statements.

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 -- SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies and practices of Independent Bank Corporation and subsidiaries conform with generally accepted accounting principles and prevailing practices within the banking industry. The following summaries describe the significant accounting and reporting policies that are employed in the preparation of the consolidated financial statements.

The Banks transact business in the single industry segment of commercial banking. The Banks' activities cover traditional phases of commercial banking, including checking and savings accounts, commercial and agricultural lending, direct and indirect consumer financing, mortgage lending and deposit box services. The principal markets are the rural and suburban communities across lower Michigan that are served by the Banks' branch networks. Subject to established underwriting criteria, the Banks may also participate in commercial lending transactions with certain non-affiliated banks and purchase real estate mortgage loans from third-party originators. The local economies of the communities served by the Banks are relatively stable and reasonably diversified.

Management is required to make estimates and assumptions in the preparation of the financial statements which affect the amounts reported. Material estimates that are particularly susceptible to changes in the near-term relate to the determination of the allowance for loan losses. While Management uses relevant information to recognize losses on loans, future provisions for related losses may be necessary based on changes in economic conditions and customer circumstances.

Principles of Consolidation -- The consolidated financial statements include the accounts of Independent Bank Corporation and its subsidiaries. The income, expenses, assets and liabilities of the subsidiaries are included in the respective accounts of the consolidated financial statements, after elimination of all material intercompany accounts and transactions.

Statements of Cash Flows -- For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and federal funds sold. Generally, federal funds are sold for one-day periods. The Company reports net cash flows for customer loan and deposit transactions.

Loans Held for Sale -- Loans designated as held for sale are carried at the lower of aggregate amortized cost or market value. Lower of cost or market value adjustments, as well as realized gains and losses, are recorded in current earnings. The Company will adopt Statement of Financial Accounting Standards No. 122, "Accounting for Mortgage Servicing Rights," ("SFAS #122") on January 1, 1996. SFAS #122 will require the Banks to prospectively recognize rights to service mortgage loans as separate assets. This statement will also require the Banks to assess these mortgage servicing rights for impairment based on the fair value of those rights. The adoption of SFAS #122 on a prospective basis in the first quarter of 1996 is not expected to have a significant effect on the consolidated financial statements.

Securities -- The Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," ("SFAS #115") effective January 1, 1994. Under SFAS #115, the Company is required to classify its securities as trading, held to maturity or available for sale.

Trading securities are bought and held principally for the purpose of selling them in the near-term and are reported at fair value with realized and unrealized gains and losses included in earnings. The Company does not have any trading securities. Securities classified as held to maturity represent those securities for which the Banks have the positive intent and ability to hold until maturity and are reported at cost, adjusted for amortization of premiums and accretion of discounts computed on the level yield method. Securities available for sale represent those securities not classified as trading or held to maturity and are reported at fair value with unrealized gains and losses, net of applicable income taxes reported as a separate component of shareholders' equity. Gains and losses realized on the sale of securities available for sale are determined using

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 1 -- SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

the specific identification method and are recognized on a trade-date basis. Premiums and discounts are recognized in interest income computed on the level yield method.

The Company adopted Statement of Financial Accounting Standards No. 119, "Disclosure About Derivative Financial Instruments and Fair Value of Financial Instruments," ("SFAS #119") effective December 31, 1994. SFAS #119 requires disclosure about off-balance sheet financial instruments.

Loan Revenue Recognition -- Interest on loans is accrued based on the principal amounts outstanding. The accrual of interest income is discontinued when a loan becomes 90 days past due and the borrower's capacity to repay the loan and collateral values appear insufficient. A non-accrual loan may be restored to accrual status when interest and principal payments are current and the loan appears otherwise collectible.

Certain loan fees, net of direct loan origination costs, are deferred and recognized as an adjustment of yield over the life of the related loan. Fees received in connection with loan commitments are deferred until the loan is advanced and are then recognized over the life of the loan as an adjustment of yield. Fees on commitments that expire unused are recognized at expiration. Fees received for a letter of credit are recognized as fee revenue over its life.

Allowance for Loan Losses -- Some loans may not be repaid in full. Therefore, an allowance for loan losses is maintained at a level which management has determined to be adequate to absorb inherent losses. Management's assessment of the allowance is based on prior years' loss experience, general economic conditions and trends, as well as the review of specific loans. Increases in the allowance are recorded by a provision for loan losses charged to expense and, although management periodically allocates portions of the allowance to specific loans and loan portfolios, the entire allowance is available for any charge-offs which occur. Collection efforts may continue and future recoveries may occur after a loan is charged-off.

The Company has adopted Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan," ("SFAS #114"). SFAS #114, which has been subsequently amended by SFAS #118, requires the Company to measure its investment in certain impaired loans based on one of three methods: the loan's observable market price, the fair value of the collateral or the present value of expected future cash flows discounted at the loan's effective interest rate. The adoption of this Statement in 1995 did not have a significant effect on the allowance for loan losses.

Property and Equipment -- Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization is computed using both straight-line and accelerated methods over the estimated useful lives of the related assets.

Other Real Estate -- Other real estate represents properties acquired through foreclosure or by acceptance of a deed in lieu of foreclosure. Prior to 1995, loan collateral which had been in-substance foreclosed was included in other real estate. A portion of these properties has been sold on land contract or financed at below market terms. The carrying values of these properties are periodically evaluated and are adjusted to the lower of cost or fair value minus estimated costs to sell. Other real estate and repossessed assets totaling \$760,000 and \$1,381,000 at December 31, 1995 and 1994, respectively, are included in other assets.

Intangible Assets -- Goodwill, which represents the excess of the purchase price over the fair value of net tangible assets acquired, is amortized on a straight-line basis over the period of expected benefit, generally 12 to 20 years. Goodwill totaled \$1,099,000 and \$1,188,000 as of December 31, 1995 and 1994, respectively. Other intangible assets are amortized using both straight-line and accelerated methods over 12 to 15 years. Other intangibles amounted to \$1,407,000 and \$1,096,000 as of December 31, 1995 and 1994, respectively.

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 1 -- SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

Income Taxes -- Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," ("SFAS #109") with no material impact on the financial statements. SFAS #109 required that the Company employ the asset and liability method of accounting for income taxes. The objective of this method is to establish deferred tax assets and liabilities for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. Under the asset and liability method, the effect of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is subject to a valuation allowance for that portion of the asset for which it is more likely than not that it will not be realized.

The Company and its subsidiaries file a consolidated federal income tax return. Intercompany tax liabilities are settled as if each subsidiary filed a separate return.

Common Stock -- At December 31, 1995, 46,387 shares of common stock were reserved for issuance under the Incentive Share Grant Plan, 26,089 shares of common stock were reserved for issuance under the dividend reinvestment plan and 128,275 shares of common stock were reserved for issuance under stock option plans.

Earnings Per Share -- Earnings per share is based on 2,861,898 average shares and equivalents outstanding in 1995, 2,890,368 in 1994 and 2,878,386 in 1993. Per share data has been adjusted to give retroactive effect to 5% stock dividends in 1996 and 1995.

Retirement Plans -- The Company maintains an employee stock ownership plan as well as a 401(k) plan for substantially all full-time employees.

Reclassification -- Certain amounts in the 1994 and 1993 financial statements have been reclassified to conform with the 1995 presentation.

NOTE 2 -- ACQUISITIONS

On March 7, 1994, KSB Financial, Inc., ("KSB") merged with the Company. As a result, The Kingston State Bank became a subsidiary of the Company. The Company issued 225,649 shares of common stock in exchange for all of the outstanding common stock of KSB. The merger was accounted for as a pooling of interests and, accordingly, the accompanying financial statements were restated to include the accounts and operations of KSB for all periods prior to the merger.

Separate results of operations of the combining entities as of December 31, follows:

	1994	1993
	-----	-----
Net Interest Income After Provision For Loan Losses		
Independent Bank Corporation.....	\$24,427,000	\$19,606,000
KSB Financial, Inc.	335,000	1,802,000
	-----	-----
Total.....	\$24,762,000	\$21,408,000
	=====	=====
Net Income		
Independent Bank Corporation.....	\$ 6,021,000	\$ 5,376,000
KSB Financial, Inc.	10,000	230,000
	-----	-----
Total.....	\$ 6,031,000	\$ 5,606,000
	=====	=====

In October 1993, the Company acquired American Home Bank ("American") and Pioneer Bank ("Pioneer"). Cash consideration totaled \$2,518,000 and \$4,589,000 respectively. The transactions were accounted for as purchases and, accordingly, the assets acquired and the liabilities assumed were recorded at

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 2 -- ACQUISITIONS -- CONTINUED

fair value. The Company's results of operations include revenues and expenses relating to American and Pioneer since September 30, 1993.

The pro-forma information presented in the following table is based on historical results of the Company, American and Pioneer. The information has been combined to present the results of operations as if the acquisitions had occurred at the beginning of the period presented. The following pro-forma results for the year ended December 31 are not necessarily indicative of the results which would have actually been attained if the acquisitions had been consummated in the past or what may be attained in the future.

	1993 ----- (UNAUDITED)
Total revenue.....	\$42,700,000
Net income.....	5,700,000
Earnings per share.....	1.98

NOTE 3 -- PENDING ACQUISITION

On February 2, 1996, the Company entered into a definitive agreement to merge with North Bank Corporation ("NBC"). As a result, North Bank will become a subsidiary of the Company. Cash consideration is anticipated to approximate \$16,300,000. At December 31, 1995, NBC had total assets and loans of \$153,600,000 and \$91,200,000 (unaudited), respectively. The transaction is subject to approval by NBC shareholders and the Federal Reserve Board and will be accounted for as a purchase. Accordingly, the assets acquired and the liabilities assumed will be recorded at fair value. Goodwill is anticipated to approximate \$6,000,000.

NOTE 4 -- RESTRICTIONS ON CASH AND DUE FROM BANKS

The Banks' legal reserve requirements were satisfied by maintaining non-interest earning vault cash balances of \$2,661,000 in 1995 and \$2,547,000 in 1994. The Banks do not maintain compensating balances with correspondent banks.

NOTE 5 -- SECURITIES

Securities available for sale consist of the following at December 31:

	AMORTIZED COST	UNREALIZED		FAIR VALUE
	-----	GAINS	LOSSES	-----
	-----	-----	-----	-----
1995				
U.S. Treasury.....	\$23,189,000	\$ 188,000	\$ 105,000	\$23,272,000
U.S. Government agencies.....	6,557,000	79,000	13,000	6,623,000
Mortgage-backed securities.....	37,238,000	661,000	177,000	37,722,000
Obligations of states and political subdivisions.....	8,682,000	608,000		9,290,000
Other securities.....	10,805,000	2,000	161,000	10,646,000
	-----	-----	-----	-----
Total.....	\$86,471,000	\$1,538,000	\$ 456,000	\$87,553,000
	=====	=====	=====	=====
1994				
U.S. Treasury.....	\$36,099,000		\$1,375,000	\$34,724,000
Mortgage-backed securities.....	12,718,000		1,034,000	11,684,000
Other securities.....	7,151,000		803,000	6,348,000
	-----	-----	-----	-----
Total.....	\$55,968,000	\$ 0	\$3,212,000	\$52,756,000
	=====	=====	=====	=====

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 5 -- SECURITIES -- CONTINUED

Securities held to maturity consist of the following at December 31:

	AMORTIZED COST	UNREALIZED		FAIR VALUE
		GAINS	LOSSES	
1995				
U.S. Government agencies.....	\$ 2,559,000	\$ 70,000		\$ 2,629,000
Mortgage-backed securities.....	4,487,000	13,000	\$ 18,000	4,482,000
Obligations of states and political subdivisions.....	20,142,000	1,074,000	12,000	21,204,000
Other securities.....	718,000		2,000	716,000
Total.....	\$27,906,000	\$1,157,000	\$ 32,000	\$29,031,000
1994				
U.S. Treasury.....	\$ 5,738,000	\$ 5,000	\$ 223,000	\$ 5,520,000
U.S. Government agencies.....	11,004,000		371,000	10,633,000
Mortgage-backed securities.....	26,545,000	136,000	376,000	26,305,000
Obligations of states and political subdivisions.....	27,240,000	835,000	163,000	27,912,000
Other securities.....	7,194,000		114,000	7,080,000
Total.....	\$77,721,000	\$ 976,000	\$1,247,000	\$77,450,000

The amortized cost and approximate fair value of securities at December 31, 1995, by contractual maturity, follow. Actual maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	AVAILABLE FOR SALE		HELD TO MATURITY	
	AMORTIZED COST	FAIR VALUE	AMORTIZED COST	FAIR VALUE
Maturing within one year.....	\$13,004,000	\$12,939,000	\$ 1,187,000	\$ 1,189,000
Maturing after one year but within five years.....	19,399,000	19,695,000	9,028,000	9,399,000
Maturing after five years but within ten years.....	9,922,000	10,446,000	10,607,000	11,229,000
Maturing after ten years.....			2,591,000	2,726,000
Mortgage-backed securities.....	42,325,000	43,080,000	23,413,000	24,543,000
Other securities.....	37,238,000	37,722,000	4,487,000	4,482,000
Total.....	\$86,471,000	\$87,553,000	\$27,906,000	\$29,031,000

A summary of proceeds from the sale of securities available for sale and realized gains and losses follows:

	PROCEEDS	REALIZED GAINS	REALIZED LOSSES
1995.....	\$14,054,000	\$ 8,000	\$128,000
1994.....	28,384,000	228,000	402,000
1993.....	34,341,000	658,000	21,000

Securities with a book value of \$20,816,000 and \$10,948,000 at December 31, 1995 and 1994, respectively, were pledged to secure public deposits and for other purposes as required by law.

There were no investment obligations of state and political subdivisions that were payable from or secured by the same source of revenue or taxing authority that exceeded 10% of consolidated shareholders' equity at December 31, 1995 or 1994.

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 5 -- SECURITIES -- CONTINUED

During November 1995, the Financial Accounting Standards Board issued a "Guide to Implementation of Statement #115 on Accounting for Certain Investment in Debt and Equity Securities." This guide allowed for a one-time change in the classification of securities pursuant to SFAS #115 as of the date of the implementation guide, but no later than December 31, 1995. As a result, the Banks made a transfer of \$52,601,000 to securities available for sale.

NOTE 6 -- LOANS

An analysis of the allowance for loan losses for the years ended December 31 follows:

	1995	1994	1993
	-----	-----	-----
Balance at beginning of period.....	\$5,054,000	\$5,053,000	\$4,023,000
Allowance on loans acquired.....			756,000
Provision charged to operating expense.....	636,000	473,000	657,000
Recoveries credited to allowance.....	265,000	399,000	331,000
Loans charged against allowance.....	(712,000)	(871,000)	(714,000)
	-----	-----	-----
Balance at end of period.....	\$5,243,000	\$5,054,000	\$5,053,000
	=====	=====	=====

Loans are presented net of deferred income of \$1,434,000 at December 31, 1995, and \$1,325,000 at December 31, 1994.

Loans on non-accrual status, 90 days or more past due and still accruing interest, or restructured amounted to \$2,560,000, \$2,834,000 and \$3,213,000 at December 31, 1995, 1994 and 1993, respectively. If these loans had continued to accrue interest in accordance with their original terms, approximately \$263,000, \$259,000, and \$261,000 of interest income would have been realized in 1995, 1994 and 1993, respectively. Interest income accrued on these loans was approximately \$64,000, \$102,000 and \$143,000 in 1995, 1994 and 1993, respectively.

Impaired loans totaled approximately \$3,200,000 at December 31, 1995. In addition to certain non-performing loans, other than homogeneous residential mortgage and installment loans, impaired loans include commercial and agricultural loans totaling \$1,800,000 that have been separately identified as impaired. The Banks' average investment in impaired loans approximated \$2,300,000 in 1995. Cash receipts on impaired loans on non-accrual status are generally applied to the principal balance. Interest income recognized on impaired loans in 1995 was approximately \$70,000. Certain impaired loans with a balance of approximately \$700,000 had specific allocations of the allowance for loan losses calculated in accordance with SFAS #114 totaling approximately \$250,000 at December 31, 1995. As a result of the implementation of SFAS #114, certain loans that had previously been identified as in-substance foreclosed and classified as other real estate have been transferred to loans at December 31, 1995.

At December 31, 1995, 1994 and 1993, the Banks serviced loans totaling approximately \$124,000,000, \$103,500,000 and \$78,000,000, respectively, for the benefit of third parties.

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 7 -- PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31 follows:

	1995	1994
	-----	-----
Land.....	\$ 1,662,000	\$ 1,409,000
Buildings.....	9,554,000	8,956,000
Equipment.....	7,988,000	7,177,000
	-----	-----
Accumulated depreciation and amortization.....	19,204,000	17,542,000
	(9,273,000)	(8,049,000)
	-----	-----
Property and equipment, net.....	\$ 9,931,000	\$ 9,493,000
	=====	=====

NOTE 8 -- DEPOSITS

A summary of interest expense on deposits for the years ended December 31 follows:

	1995	1994	1993
	-----	-----	-----
Savings and NOW.....	\$ 5,515,000	\$ 4,819,000	\$ 4,887,000
Time deposits under \$100,000.....	6,072,000	5,705,000	6,508,000
Time deposits of \$100,000 or more.....	883,000	568,000	632,000
	-----	-----	-----
Total.....	\$12,470,000	\$11,092,000	\$12,027,000
	=====	=====	=====

Aggregate time certificates of deposit and other time deposits in denominations of \$100,000 or more amounted to \$19,497,000, \$11,231,000, and \$14,124,000 at December 31, 1995, 1994 and 1993, respectively.

NOTE 9 -- OTHER BORROWINGS

A summary of other borrowings at December 31 follows:

	1995	1994
	-----	-----
Advances from Federal Home Loan Bank.....	\$103,000,000	\$40,000,000
U.S. Treasury demand notes.....	1,223,000	1,985,000
Repurchase agreements.....	6,666,000	5,752,000
Other.....	5,000	4,000
	-----	-----
Total.....	\$110,894,000	\$47,741,000
	=====	=====

Advances from the Federal Home Loan Bank ("FHLB") at December 31, 1995 and 1994, are secured by the Banks' unencumbered qualifying mortgage loans as well as U.S. Treasury and government agency

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 9 -- OTHER BORROWINGS -- CONTINUED

securities equal to at least 170% of outstanding advances. Maturities and weighted average interest rates are as follows:

	1995		1994	
	AMOUNT	RATE	AMOUNT	RATE
Fixed rate advances				
1995.....			\$ 3,000,000	6.90%
1996.....	\$ 27,000,000	5.61%		
1997.....	34,000,000	6.01		
1998.....	16,000,000	5.94		
Total fixed rate advances.....	77,000,000	5.86	3,000,000	6.90
Variable rate advances				
1995.....			37,000,000	6.15
1996.....	15,000,000	5.76		
1997.....	4,000,000	5.86		
2000.....	7,000,000	6.66		
Total variable rate advances.....	26,000,000	6.02	37,000,000	6.15
Total advances.....	\$103,000,000	5.90%	\$40,000,000	6.21%

Interest expense on advances amounted to \$3,836,000, \$761,000 and \$55,000 for the years ending December 31, 1995, 1994 and 1993, respectively.

As members of the FHLB system, the Banks must own FHLB stock equal to the greater of 1.0% of the unpaid principal balances of residential mortgage loans, 0.3% of its total assets, or 5.0% of its outstanding advances. At December 31, 1995, the Banks are in compliance with the FHLB stock ownership requirements.

The Company also has a \$3,000,000 revolving credit agreement secured by the capital stock of one of the Banks. At December 31, 1995, no amounts were outstanding on this revolving credit agreement.

NOTE 10 -- FEDERAL INCOME TAX

The composition of federal income tax expense for the years ended December 31 follows:

	1995	1994	1993
Current.....	\$ 3,908,000	\$1,855,000	\$2,178,000
Deferred.....	(1,208,000)	474,000	(13,000)
Federal income tax expense.....	\$ 2,700,000	\$2,329,000	\$2,165,000

A reconciliation of federal income tax expense to the amount computed by applying the statutory federal income tax rate of 34% to income before federal income tax for the years ended December 31 follows:

	1995	1994	1993
Statutory rate applied to income before federal income tax.....	\$3,233,000	\$2,842,000	\$2,642,000
Tax-exempt interest income.....	(587,000)	(586,000)	(584,000)
Amortization of goodwill.....	54,000	58,000	49,000
Other, net.....		15,000	58,000
Federal income tax expense.....	\$2,700,000	\$2,329,000	\$2,165,000

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 10 -- FEDERAL INCOME TAX -- CONTINUED

The deferred federal income tax benefit of \$1,208,000 in 1995, expense of \$474,000 in 1994, and benefit of \$13,000 in 1993, resulted from the tax effects of temporary differences. There was no impact for changes in tax laws and rates or changes in the valuation allowance for deferred tax assets.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31 follow:

	1995	1994
	-----	-----
Deferred tax assets		
Allowance for loan losses.....	\$ 961,000	\$ 821,000
Deferred compensation.....	598,000	481,000
Deferred loan fees.....	486,000	458,000
Deferred credit life premiums.....	145,000	136,000
Mortgage servicing fees.....	112,000	128,000
Unrealized loss on securities available for sale.....		1,092,000
Other.....	443,000	205,000
	-----	-----
Gross deferred tax assets.....	2,745,000	3,321,000
	-----	-----
Deferred tax liabilities		
Unrealized gain on securities available for sale.....	368,000	
Purchase premiums.....	134,000	177,000
Securities and loans marked-to-market for tax purposes.....		622,000
Other.....		27,000
	-----	-----
Gross deferred tax liabilities.....	502,000	826,000
	-----	-----
Net deferred tax assets.....	\$2,243,000	\$2,495,000
	=====	=====

The Company's aggregate income subject to federal income tax for the three years ended December 31, 1995, totaled approximately \$25,600,000. Consequently, Management believes that at December 31, 1995, it is more likely than not that the benefit of the gross deferred tax assets of \$2,745,000 will be realized and no valuation allowance is deemed necessary as of December 31, 1995.

NOTE 11 -- EMPLOYEE BENEFIT PLANS

During 1992, the Company's shareholders approved the adoption of stock option plans for certain employees of the Company and the Banks and for non-employee directors of the Company. An aggregate of 137,800 shares of common stock has been authorized for issuance under the plans. Options granted under these plans are exercisable not earlier than one year after the date of grant, at a price equal to the fair market value of the common stock on the date of grant, and expire five years after the date of grant.

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 11 -- EMPLOYEE BENEFIT PLANS -- CONTINUED

The following table summarizes outstanding grants and stock option transactions:

	NUMBER OF SHARES	AVERAGE EXERCISE PRICE
	-----	-----
Outstanding at December 31, 1992.....	22,050	\$13.95
Granted.....	22,050	18.31
Forfeited.....	(1,103)	14.29
	-----	-----
Outstanding at December 31, 1993.....	42,997	16.18
Granted.....	23,153	18.14
Exercised.....	(1,103)	14.29
	-----	-----
Outstanding at December 31, 1994.....	65,047	16.91
Granted.....	26,460	22.57
Exercised.....	(8,435)	16.23
Forfeited.....	(1,103)	22.22
	-----	-----
Outstanding at December 31, 1995.....	81,969	\$18.73
	=====	=====

The Company has a 401(k) and an employee stock ownership plan covering substantially all full-time employees of the Company and the Banks. The Company matches employee contributions to the 401(k) up to a maximum of 3% of participating employees' eligible wages. Contributions to the employee stock ownership plan are determined annually and require approval of the Company's Board of Directors. For the years ended December 31, 1995, 1994 and 1993, \$704,000, \$365,000 and \$452,000 respectively, was expensed for these retirement plans.

Officers of the Company and the Banks participate in various performance-based compensation plans. The 1988 Incentive Share Grant Plan provides that the Board of Directors, at its sole discretion, may award restricted shares of common stock to the participants in the Management Incentive Compensation Plan in lieu of cash bonuses. The market value of such incentive shares at the date of grant must equal twice the amount of the cash incentive otherwise payable. Shares of common stock issued pursuant to the Incentive Share Grant Plan vest over four years. For the years ended December 31, 1995, 1994 and 1993, amounts expensed for all incentive plans totaled \$876,000, \$633,000, and \$784,000, respectively.

The Company also provides certain health care and life insurance programs to substantially all full-time employees. These insurance programs are available to retired employees at their expense.

Effective January 1, 1996, the Company will adopt Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", ("SFAS #123"). SFAS #123 encourages companies to adopt a fair value method of accounting for stock compensation plans. Those companies not adopting a fair value method will be required to make pro-forma disclosures of net income and earnings per share as if they had adopted the fair value accounting method. Management anticipates the Company will elect the pro-forma disclosure method.

NOTE 12 -- FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business, the Banks enter into financial instruments with off-balance sheet risk to meet the financing needs of customers or to reduce exposure to fluctuations in interest rates. These financial instruments may include commitments to extend credit, standby letters of credit and interest rate swaps. There were no interest rate swaps in 1995, 1994 and 1993. Financial instruments involve varying degrees of credit and interest rate risk in excess of amounts reflected in the consolidated balance sheets. Exposure to

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 12 -- FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK -- CONTINUED

credit risk in the event of non-performance by the counterparties to the financial instruments for loan commitments to extend credit and letters of credit is represented by the contractual amounts of those instruments. Management does not, however, anticipate material losses as a result of these financial instruments.

A summary of financial instruments with off-balance sheet risk at December 31 follows:

	1995	1994
	-----	-----
Financial instruments whose risk is represented by contract amounts		
Commitments to extend credit.....	\$50,821,000	\$34,266,000
Standby letters of credit.....	2,427,000	2,858,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and generally require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the commitment amounts do not represent future cash requirements. Commitments are issued subject to similar underwriting standards, including collateral requirements, as are generally involved in the extension of credit facilities.

Standby letters of credit are written conditional commitments issued by the Banks to guarantee the performance of a customer to a third party, primarily public and private borrowing arrangements. Standby letters of credit generally extend for periods of less than one year. The credit risk involved in such transactions is essentially the same as that involved in extending loan facilities and, accordingly, standby letters of credit are issued subject to similar underwriting standards, including collateral requirements, as are generally involved in the extension of credit facilities.

NOTE 13 -- RELATED PARTY TRANSACTIONS

Certain directors and executive officers of the Company and the Banks, including companies in which they are officers or have significant ownership, were loan customers of the Banks during 1995 and 1994.

A summary of loans to directors and executive officers whose borrowing relationship exceeds \$60,000, and to entities in which they own a 10% or more voting interest for the years ended December 31 follows:

	1995	1994
	-----	-----
Balance at beginning of period.....	\$ 5,322,000	\$ 4,765,000
New loans and advances.....	3,265,000	7,145,000
Repayments.....	(3,900,000)	(6,588,000)
	-----	-----
Balance at end of period.....	\$ 4,687,000	\$ 5,322,000
	=====	=====

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 14 -- OTHER OPERATING EXPENSES

Other operating expenses for the years ended December 31, follow:

	1995	1994	1993
	-----	-----	-----
Loan and collection.....	\$1,030,000	\$ 626,000	\$ 724,000
Computer processing.....	818,000	786,000	674,000
Communications.....	791,000	728,000	614,000
Supplies.....	561,000	498,000	423,000
State taxes.....	537,000	496,000	435,000
Deposit insurance.....	499,000	966,000	858,000
Legal and professional.....	307,000	406,000	394,000
Other.....	2,103,000	1,795,000	1,892,000
	-----	-----	-----
Total.....	\$6,646,000	\$6,301,000	\$6,014,000
	=====	=====	=====

NOTE 15 -- UNDISTRIBUTED INCOME AND DIVIDEND LIMITATIONS OF SUBSIDIARIES

Capital guidelines adopted by Federal and State regulatory agencies and restrictions imposed by law limit the amount of cash dividends the Banks can pay to the Company. At December 31, 1995, using the most restrictive of these conditions for each Bank, the aggregate cash dividends that the Banks can pay the Company without prior approval is approximately \$18,930,000. It is not the intent of Management to have dividends paid in amounts which would reduce the capital of the Banks to levels below those which are considered prudent by management and in accordance with guidelines of regulatory authorities.

NOTE 16 -- FAIR VALUES OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments" requires that the Company disclose estimated fair values for its financial instruments. Many of the Company's financial instruments lack an available trading market. Further, it is the Company's general practice and intent to hold the majority of its financial instruments to maturity. Significant estimates and assumptions were used to determine the fair value of financial instruments. These estimates are subjective in nature, involving uncertainties and matters of judgment, and therefore, fair values cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Estimated fair values have been determined using available data and an estimation methodology that is considered suitable for each category of financial instrument. For assets and liabilities with floating interest rates which reprice frequently and without significant credit risk, it is presumed that estimated fair values approximate the recorded book balances.

Financial instrument assets actively traded in a secondary market, such as securities, have been valued using quoted market prices while recorded book balances have been used for cash and due from banks and federal funds sold.

The fair value of loans is calculated by discounting estimated future cash flows using estimated market discount rates that reflect credit and interest rate risk inherent in the loan.

Financial instruments with stated maturities, such as certificates of deposit, have been valued based on the discounted value of contractual cash flows using a discount rate approximating current market rates for liabilities with similar remaining maturities.

Financial instrument liabilities with no stated maturities, such as demand deposits, savings, NOW and money market accounts, have a fair value equal to the amount payable on demand.

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 16 -- FAIR VALUES OF FINANCIAL INSTRUMENTS -- CONTINUED

The estimated fair values and recorded book balances at December 31 follow:

	1995		1994	
	ESTIMATED FAIR VALUE	RECORDED BOOK BALANCE	ESTIMATED FAIR VALUE	RECORDED BOOK BALANCE
	(IN THOUSANDS)			
ASSETS				
Cash and due from banks.....	\$ 17,200	\$ 17,200	\$ 22,900	\$ 22,900
Federal funds sold.....			900	900
Securities available for sale.....	87,600	87,600	52,800	52,800
Securities held to maturity.....	29,000	27,900	77,500	77,700
Net loans and loans held for sale.....	432,000	428,800	330,700	337,600
LIABILITIES				
Deposits with no stated maturities.....	\$ 261,500	\$261,500	\$ 275,800	\$275,800
Deposits with stated maturities.....	150,300	150,100	132,500	133,700
Other borrowings.....	124,400	124,300	61,600	61,600

The fair values for commitments to extend credit and standby letters of credit are estimated to approximate their aggregate book balance.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale the entire holdings of a particular financial instrument.

Fair value estimates are based on existing on and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business, the value of future earnings attributable to off-balance sheet activities and the value of assets and liabilities that are not considered financial instruments.

Fair value estimates for deposit accounts do not include the value of the substantial core deposit intangible asset resulting from the low-cost funding provided by the deposit liabilities compared to the cost of borrowing funds in the market.

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 17 -- INDEPENDENT BANK CORPORATION (PARENT COMPANY ONLY) FINANCIAL INFORMATION

Presented below are condensed financial statements for the parent company.

CONDENSED STATEMENTS OF FINANCIAL CONDITION

	DECEMBER 31,	
	1995	1994
ASSETS		
Cash and due from banks.....	\$ 2,761,000	\$ 1,865,000
Investment in subsidiaries.....	44,212,000	38,058,000
Other assets.....	1,713,000	1,667,000
Total Assets.....	\$48,686,000	\$41,590,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Other liabilities.....	\$ 1,661,000	\$ 1,279,000
Shareholders' equity.....	47,025,000	40,311,000
Total Liabilities and Shareholders' Equity.....	\$48,686,000	\$41,590,000

CONDENSED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
OPERATING INCOME			
Dividends from subsidiaries.....	\$4,500,000	\$5,560,000	\$5,426,000
Management fees from subsidiaries and other income.....	4,248,000	4,028,000	3,362,000
Total Operating Income.....	8,748,000	9,588,000	8,788,000
OPERATING EXPENSES			
Interest expense.....		120,000	34,000
Administrative and other expenses.....	5,226,000	4,849,000	4,387,000
Total Operating Expenses.....	5,226,000	4,969,000	4,421,000
Income Before Federal Income Tax and Undistributed Net Income of Subsidiaries.....	3,522,000	4,619,000	4,367,000
Federal income tax credit.....	320,000	310,000	313,000
Income Before Equity in Undistributed Net Income of Subsidiaries.....	3,842,000	4,929,000	4,680,000
Equity in undistributed net income of subsidiaries.....	2,968,000	1,102,000	926,000
Net Income.....	\$6,810,000	\$6,031,000	\$5,606,000

INDEPENDENT BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 17 -- INDEPENDENT BANK CORPORATION (PARENT COMPANY ONLY) FINANCIAL
INFORMATION -- CONTINUED
CONDENSED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
Net Income.....	\$ 6,810,000	\$ 6,031,000	\$ 5,606,000
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH FROM OPERATING ACTIVITIES			
Depreciation, amortization of intangible assets and premiums, and accretion of discounts on securities and loans.....	297,000	286,000	215,000
(Increase) decrease in other assets.....	(604,000)	547,000	(332,000)
Increase in other liabilities.....	599,000	298,000	560,000
Equity in undistributed net income of subsidiaries....	(2,968,000)	(1,102,000)	(926,000)
Total Adjustments.....	(2,676,000)	29,000	(483,000)
Net Cash from Operating Activities.....	4,134,000	6,060,000	5,123,000
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of securities available for sale.....		(241,000)	(233,000)
Capital expenditures.....	(127,000)	(142,000)	(594,000)
Investment in subsidiaries.....			(7,214,000)
Proceeds from sale of property and equipment.....	36,000		13,000
Net Cash from Investing Activities.....	(91,000)	(383,000)	(8,028,000)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of long-term borrowings.....			3,000,000
Repayment of debt.....		(2,750,000)	(250,000)
Dividends paid.....	(2,392,000)	(1,926,000)	(1,380,000)
Proceeds from issuance of common stock.....	138,000	16,000	
Repurchase of common stock.....	(893,000)	(924,000)	
Net Cash from Financing Activities.....	(3,147,000)	(5,584,000)	1,370,000
Net Increase (Decrease) in Cash and Cash Equivalents.....	896,000	93,000	(1,535,000)
Cash and Cash Equivalents at Beginning of Period.....	1,865,000	1,772,000	3,307,000
Cash and Cash Equivalents at End of Period.....	\$ 2,761,000	\$ 1,865,000	\$ 1,772,000

INDEPENDENT BANK CORPORATION

INDEPENDENT AUDITOR'S REPORT

BOARD OF DIRECTORS AND SHAREHOLDERS
INDEPENDENT BANK CORPORATION
IONIA, MICHIGAN

We have audited the accompanying consolidated statements of financial condition of Independent Bank Corporation and subsidiaries as of December 31, 1995 and 1994, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1995. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express our opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Independent Bank Corporation and subsidiaries as of December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1995, in conformity with generally accepted accounting principles.

As discussed in note 1 to the consolidated financial statements, the Company changed its method of accounting for income taxes in 1993 to adopt the provisions of Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." As discussed in note 1, the Company changed its method of accounting for investments to adopt the provisions of Financial Accounting Standards Board's SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" at January 1, 1994. As discussed in note 1, the Company changed its method of accounting for impaired loans in 1995 to adopt the provisions of Financial Accounting Standards Board's SFAS No. 114, "Accounting by Creditors for Impairment of a Loan", as amended by SFAS No. 118, "Accounting by Creditors for Impairment of a Loan -- Income Recognition and Disclosures."

KPMG Peat Marwick LLP
Lansing, Michigan
February 1, 1996

INDEPENDENT BANK CORPORATION
INTERIM CONSOLIDATED BALANCE SHEET

SEPTEMBER 30,
1996

(UNAUDITED)

ASSETS

Cash and due from banks.....	\$ 26,601,000
Securities available for sale.....	122,487,000
Securities held to maturity (fair value of \$27,698,000 at September 30, 1996).....	26,874,000
Federal Home Loan Bank stock, at cost.....	10,198,000
Loans held for sale.....	10,389,000
Loans	
Commercial and agricultural.....	141,747,000
Real estate mortgage.....	310,079,000
Installment.....	113,592,000

Total Loans.....	565,418,000
Allowance for loan losses.....	(6,720,000)

Net Loans.....	558,698,000
Property and equipment, net.....	16,624,000
Accrued income and other assets.....	21,281,000

Total Assets.....	\$ 793,152,000
	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits	
Non-interest bearing.....	\$ 68,685,000
Savings and NOW.....	263,841,000
Time.....	209,255,000

Total Deposits.....	541,781,000
Federal funds purchased.....	37,100,000
Other borrowings.....	153,859,000
Accrued expenses and other liabilities.....	9,679,000

Total Liabilities.....	742,419,000

Shareholders' Equity	
Preferred stock, no par value -- 200,000 shares authorized; none outstanding	
Common stock, \$1.00 par value -- 14,000,000 shares authorized; issued and outstanding: 2,861,399 shares at September 30, 1996.....	2,861,000
Capital surplus.....	24,256,000
Retained earnings.....	23,447,000
Net unrealized gain on securities available for sale, net of related tax effect.....	169,000

Total Shareholders' Equity.....	50,733,000

Total Liabilities and Shareholders' Equity.....	\$ 793,152,000
	=====

See notes to interim consolidated financial statements.

INDEPENDENT BANK CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

	NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1995
	(UNAUDITED)	
INTEREST INCOME		
Interest and fees on loans.....	\$35,587,000	\$27,370,000
Securities		
Taxable.....	4,873,000	4,572,000
Tax-exempt.....	1,502,000	1,328,000
Other investments.....	636,000	264,000
Total Interest Income.....	42,598,000	33,534,000
INTEREST EXPENSE		
Deposits.....	11,598,000	9,193,000
Other borrowings.....	5,950,000	3,688,000
Total Interest Expense.....	17,548,000	12,881,000
Net Interest Income.....	25,050,000	20,653,000
Provision for loan losses.....	942,000	477,000
Net Interest Income After Provision for Loan Losses.....	24,108,000	20,176,000
NON-INTEREST INCOME		
Service charges on deposit accounts.....	1,641,000	1,439,000
Net gains (losses) on asset sales		
Real estate mortgage loans.....	1,251,000	405,000
Securities.....	(130,000)	(110,000)
Other income.....	1,219,000	922,000
Total Non-interest Income.....	3,981,000	2,656,000
NON-INTEREST EXPENSE		
Salaries and employee benefits.....	11,404,000	8,903,000
Occupancy, net.....	1,458,000	1,135,000
Furniture and fixtures.....	1,337,000	975,000
Other expenses.....	5,605,000	4,884,000
Total Non-interest Expense.....	19,804,000	15,897,000
Income Before Federal Income Tax.....	8,285,000	6,935,000
Federal income tax expense.....	2,466,000	1,948,000
Net Income.....	\$ 5,819,000	\$ 4,987,000
Net income per common share.....	\$2.02	\$1.74
Cash dividends declared per common share.....	\$0.74	\$0.66

See notes to interim consolidated financial statements.

INDEPENDENT BANK CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1995
(UNAUDITED)		
Net Income.....	\$ 5,819,000	\$ 4,987,000
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH FROM OPERATING ACTIVITIES		
Proceeds from sales of loans held for sale.....	78,515,000	33,439,000
Disbursements for loans held for sale.....	(69,135,000)	(31,883,000)
Provision for loan losses.....	942,000	477,000
Deferred loan fees.....	158,000	23,000
Depreciation, amortization of intangible assets and premiums and accretion of discounts on investment securities and loans.....	1,899,000	1,679,000
Net losses on sales of securities.....	130,000	110,000
Net gains on sales of real estate mortgage loans.....	(1,251,000)	(405,000)
Increase in accrued income and other assets.....	(7,784,000)	(751,000)
Increase in accrued expenses and other liabilities.....	1,114,000	1,993,000
Total Adjustments.....	4,588,000	4,682,000
Net Cash from Operating Activities.....	10,407,000	9,669,000
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sales of securities available for sale.....	15,907,000	13,152,000
Proceeds from maturities of securities held to maturity.....	8,898,000	10,925,000
Principal payments received on securities available for sale...	6,785,000	863,000
Principal payments received on securities held to maturity....	601,000	3,867,000
Purchases of securities available for sale.....	(30,839,000)	
Purchases of securities held to maturity.....	(295,000)	(15,715,000)
Portfolio loans made to customers net of principal payments received.....	(63,355,000)	(75,788,000)
Acquisition of branch office, less cash received.....		13,949,000
Acquisition of bank, less cash received.....	9,478,000	
Capital expenditures.....	(2,607,000)	(1,133,000)
Net Cash from Investing Activities.....	(55,427,000)	(49,880,000)
CASH FLOW FROM FINANCING ACTIVITIES		
Net decrease in total deposits.....	(1,378,000)	(15,371,000)
Net increase in short-term borrowings.....	20,165,000	6,663,000
Proceeds from Federal Home Loan Bank advances.....	45,000,000	76,000,000
Payments of Federal Home Loan Bank advances.....	(17,000,000)	(30,000,000)
Proceeds from issuance of long-term borrowings.....	10,000,000	
Retirement of debt.....	(500,000)	
Dividends paid.....	(1,933,000)	(1,758,000)
Proceeds from issuance of common stock.....	59,000	81,000
Repurchase of common stock.....		(755,000)
Net Cash from Financing Activities.....	54,413,000	34,860,000
Net Increase (Decrease) in Cash and Cash Equivalents.....	9,393,000	(5,351,000)
Cash and Cash Equivalents at Beginning of Period.....	17,208,000	23,719,000
Cash and Cash Equivalents at End of Period.....	\$ 26,601,000	\$ 18,368,000
Cash paid during the period for:		
Interest.....	\$ 16,935,000	\$ 12,530,000
Income taxes.....	2,990,000	2,150,000
Transfer of loans to other real estate.....	808,000	367,000

See notes to interim consolidated financial statements.

INDEPENDENT BANK CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1995
	(UNAUDITED)	
Balance at beginning of period.....	\$47,025,000	\$40,311,000
Net income.....	5,819,000	4,987,000
Cash dividends declared.....	(2,125,000)	(1,861,000)
Issuance of common stock.....	559,000	430,000
Repurchase of common stock.....		(755,000)
Net change in unrealized gain on securities available for sale, net of related tax effect.....	(545,000)	1,794,000
Balance at end of period.....	\$50,733,000	\$44,906,000
	=====	=====

See notes to interim consolidated financial statements.

INDEPENDENT BANK CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. In the opinion of management of the Company, the accompanying unaudited consolidated financial statements contain all the adjustments (consisting only of normal recurring accruals) necessary to present fairly the consolidated financial condition of the Company as of September 30, 1996 and the results of operations for the nine-month periods ended September 30, 1996 and 1995.

2. Management's assessment of the allowance for loan losses is based on an evaluation of the loan portfolio, recent loss experience, current economic conditions and other pertinent factors. Loans on non-accrual status, past due more than 90 days, or restructured amounted to \$3,451,000 at September 30, 1996. (See Management's Discussion and Analysis of Financial Condition and Results of Operations).

3. The provision for income taxes represents federal income tax expense calculated using annualized rates on taxable income generated during the respective periods.

4. The unaudited pro forma combined results for the Company and NBC set forth below are presented as if the NBC Acquisition had occurred at the beginning of the periods presented.

	NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1995
Revenues, net.....	\$51,700,000	\$45,800,000
Net income.....	5,600,000	4,600,000
Net income per common share.....	\$1.93	\$1.60

5. The results of operations for the nine-month period ended September 30, 1996, are not necessarily indicative of the results to be expected for the full year.

6. The Company adopted Statement of Financial Accounting Standards No. 122, "Accounting for Mortgage Servicing Rights," effective January 1, 1996. (See Management's Discussion and Analysis of Financial Condition and Results of Operations).

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS
NORTH BANK CORPORATION
HALE, MICHIGAN

We have audited the accompanying consolidated balance sheets of North Bank Corporation as of December 31, 1995 and 1994, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of North Bank Corporation as of December 31, 1995 and 1994, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Corporation changed its methods of accounting for impaired loans in 1995 and investment securities and income taxes in 1993 to conform to new accounting standards. The change in accounting for income taxes was made retroactively to January 1, 1991.

Crowe, Chizek and Company LLP

Grand Rapids, Michigan
March 8, 1996

NORTH BANK CORPORATION
 CONSOLIDATED BALANCE SHEETS
 DECEMBER 31, 1995 AND 1994
 (DOLLARS IN THOUSANDS)

	1995	1994
	-----	-----
ASSETS		
Cash and due from banks (Note 3).....	\$ 6,421	\$ 8,121
Federal funds sold.....	200	
	-----	-----
Total cash and cash equivalents.....	6,621	8,121
Securities available for sale (Note 4).....	48,665	26,503
Securities held to maturity (estimated fair value of \$28,755) (Note 4).....		30,584
	-----	-----
Total securities.....	48,665	57,087
Total loans (Note 5).....	90,331	81,833
Less allowance for loan losses (Note 6).....	(988)	(949)
	-----	-----
Net Loans.....	89,343	80,884
Premises and equipment -- net (Note 7).....	5,580	6,047
Accrued interest receivable.....	1,102	1,010
Other real estate.....	118	628
Other assets.....	1,287	2,496
	-----	-----
Total assets.....	\$152,716	\$156,273
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Noninterest-bearing demand.....	\$ 17,872	\$ 17,189
Interest-bearing transaction accounts.....	19,858	19,292
Savings.....	38,444	40,157
Time (Note 8).....	55,591	47,127
	-----	-----
Total deposits.....	131,765	123,765
Long-term borrowings (Note 10).....	9,000	19,728
Federal funds purchased.....		1,100
Accrued interest payable.....	516	496
Other liabilities (Note 11).....	789	1,661
	-----	-----
Total liabilities.....	142,070	146,750
Shareholders' Equity		
Common stock, no par value, 1,500,000 shares authorized; 482,040 and 481,478 issued and outstanding in 1995 and 1994, respectively.....	1,207	1,204
Surplus.....	5,635	5,629
Retained earnings.....	3,841	4,159
Net unrealized appreciation (depreciation) on available for sale securities, net of tax of \$19 in 1995 and \$585 in 1994 (Note 4)....	(37)	(1,136)
Minimum pension liability adjustment, net of tax of \$171 in 1994 (Note 11).....		(333)
	-----	-----
Total shareholders' equity.....	10,646	9,523
	-----	-----
Total liabilities and shareholders' equity.....	\$152,716	\$156,273
	=====	=====

See accompanying notes to consolidated financial statements.

NORTH BANK CORPORATION

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	1995	1994	1993
	-----	-----	-----
INTEREST INCOME			
Loans, including fees.....	\$ 7,765	\$6,539	\$6,406
Securities			
Taxable.....	3,002	2,372	2,715
Tax-exempt.....	342	584	814
Federal funds sold.....	124	70	62
	-----	-----	-----
Total interest income.....	11,233	9,565	9,997
INTEREST EXPENSE			
Deposits.....	4,401	3,127	3,917
Borrowings.....	983	803	226
	-----	-----	-----
Total interest expense.....	5,384	3,930	4,143
	-----	-----	-----
Net interest income.....	5,849	5,635	5,854
Provision for loan losses (Note 6).....	(307)	(180)	(150)
	-----	-----	-----
Net interest income after provision for loan losses.....	5,542	5,455	5,704
Other operating income			
Service charges on deposit accounts.....	404	422	394
Net gain (loss) on sales of securities.....	(111)	(374)	1,201
Gain on sales of loans.....	424	116	441
Gain on sale of mortgage servicing rights.....	124		
Other operating income.....	361	353	420
	-----	-----	-----
Total other operating income.....	1,202	517	2,456
Other operating expenses			
Salaries and employee benefits (Note 11).....	2,738	2,745	3,076
Pension settlement (Note 11).....	774		
Net occupancy.....	468	407	373
Equipment.....	740	651	581
Legal fees.....	132	109	131
FDIC premium.....	144	274	304
Other operating expense.....	1,898	1,535	2,004
	-----	-----	-----
Total other operating expense.....	6,894	5,721	6,469
	-----	-----	-----
Income (loss) before federal income taxes.....	(150)	251	1,691
Federal income tax expense (benefit) (Note 9).....	(121)	(82)	260
	-----	-----	-----
Net income (loss).....	\$ (29)	\$333	\$1,431
	=====	=====	=====
Net income (loss) per common share (Note 2).....	\$ (.06)	\$.70	\$ 2.97
	=====	=====	=====

See accompanying notes to consolidated financial statements.

NORTH BANK CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993
 (DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	COMMON STOCK	SURPLUS	RETAINED EARNINGS	NET UNREALIZED APPRECIATION (DEPRECIATION) ON SECURITIES AVAILABLE FOR SALE	MINIMUM PENSION LIABILITY ADJUSTMENT	TOTAL
	-----	-----	-----	-----	-----	-----
BALANCE -- JANUARY 1, 1993.....	\$1,223	\$ 5,757	\$2,949			\$ 9,929
Net income, 1993.....			1,431			1,431
Cash dividends (\$.55 per share)....			(266)			(266)
Retirement of shares.....	(19)	(128)				(147)
Net unrealized appreciation on securities available for sale.....				\$ 53		53
	-----	-----	-----	-----	-----	-----
BALANCE -- DECEMBER 31, 1993.....	1,204	5,629	4,114	53		11,000
Net income, 1994.....			333			333
Cash dividends (\$.60 per share)....			(288)			(288)
Net change in unrealized appreciation (depreciation) on securities available for sale.....				(1,189)		(1,189)
Minimum pension liability adjustment (Note 11).....					\$ (333)	(333)
	-----	-----	-----	-----	-----	-----
BALANCE -- DECEMBER 31, 1994.....	1,204	5,629	4,159	(1,136)	(333)	9,523
Net loss, 1995.....			(29)			(29)
Cash dividends (\$.60 per share)....			(289)			(289)
Exercise of options (Note 11).....	3	6				9
Net change in unrealized appreciation (depreciation) on securities available for sale.....				1,099		1,099
Minimum pension liability adjustment (Note 11).....					333	333
	-----	-----	-----	-----	-----	-----
BALANCE -- DECEMBER 31, 1995.....	\$1,207	\$ 5,635	\$3,841	\$ (37)	\$ 0	\$10,646
	=====	=====	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

NORTH BANK CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993
(DOLLARS IN THOUSANDS)

	1995	1994	1993
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss).....	\$ (29)	\$ 333	\$ 1,431
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Depreciation.....	534	613	546
Net amortization.....	86	87	76
Provision for loan losses.....	307	180	150
(Gain) loss on sales of other real estate.....	(76)	5	
Gain on sales of loans.....	(424)	(116)	(441)
Origination of loans for sale.....	(24,592)	(6,120)	(18,765)
Proceeds from sales of loans originated for sale.....	23,926	6,297	19,623
Gain on sale of mortgage servicing rights.....	(124)		
Net (gain) loss on sales of securities.....	111	374	(1,201)
Change in assets and liabilities			
Securities available for sale.....			(2,169)
Deferred taxes.....	(178)	(109)	28
Accrued interest receivable.....	(92)	(92)	354
Accrued interest payable.....	20	59	(13)
Other assets.....	639	(728)	292
Other liabilities.....	(539)	224	(327)
Net cash from operating activities.....	(431)	1,007	(416)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of securities available for sale.....	62,290	20,612	
Proceeds from maturities, calls, and paydowns of securities available for sale.....	3,572		
Purchase of securities available for sale.....	(55,974)	(8,550)	
Proceeds from sales of securities held to maturity.....			9,251
Proceeds from maturities of securities held to maturity.....	2	3,594	600
Purchase of securities held to maturity.....		(6,558)	(17,980)
Loan originations net of principal payments on loans.....	(7,905)	(16,595)	7,177
Proceeds from sales of other real estate.....	815	233	
Proceeds from sale of mortgage servicing rights.....	306		
Premises and equipment expenditures.....	(67)	(137)	(1,126)
Net cash from investing activities.....	3,039	(7,401)	(2,078)
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of deposits.....	6,767		
Net change in deposits.....	1,233	(360)	(16,076)
Dividends.....	(289)	(288)	(266)
Proceeds from FHLB advances.....	3,000	4,728	15,000
Repayment of FHLB advances.....	(13,728)		
Change in Federal funds purchased.....	(1,100)	1,100	
Exercise of stock options.....	9		
Stock retired.....			(147)
Net cash from financing activities.....	(4,108)	5,180	(1,489)
Net change in cash and cash equivalents.....	(1,500)	(1,214)	(3,983)
Cash and cash equivalents at beginning of year.....	8,121	9,335	13,318
Cash and cash equivalents at end of year.....	\$ 6,621	\$ 8,121	\$ 9,335
	=====	=====	=====
Supplemental disclosures of cash flow information			
Cash paid during the year for			
Interest.....	\$ 5,364	\$ 3,871	\$ 4,156
Income taxes.....	35		645
Supplemental disclosures on noncash investing activities			
Transfer from loans to other real estate.....	289	25	542
Transfer of securities to available for sale upon adoption of SFAS 115.....			40,753
Transfer of securities from held to maturity to available for sale (Note 4).....	29,499		

See accompanying notes to consolidated financial statements.

NORTH BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1995 AND 1994

NOTE 1 -- NATURE OF OPERATIONS

The consolidated financial statements include the accounts of North Bank Corporation and its wholly-owned subsidiary, North Bank (the Bank), and the Bank's wholly-owned subsidiary, First Central Mortgage Corporation, after elimination of significant inter-company transactions and accounts.

On October 3, 1994, North Bank acquired First Central Mortgage Corporation, a residential mortgage originating company headquartered in Saginaw, Michigan. The acquisition was recorded under the purchase method. Intangible assets acquired are being amortized over their estimated economic lives.

In October 1995, North Bank acquired a branch of First of America in Hubbard Lake, Michigan. Deposits acquired were approximately \$6.8 million. Intangible assets associated with this acquisition are being amortized over their estimated economic lives.

The Bank grants commercial, installment and residential loans to customers primarily in Northeastern Michigan. Although the loan portfolio is diversified, a substantial portion of its debtors' ability to honor their contracts is dependent upon the tourism industry. Primarily all installment and residential loans are secured by personal property and real estate. Approximately 96% of the commercial loans are secured by business assets and the remaining 4% are largely unsecured.

The Bank's revenues primarily arise from interest income from residential mortgage lending activities, investments and revenue derived from mortgage banking through origination of, and sales of mortgage loans to the secondary market with servicing retained, and related servicing income. The Bank maintains eleven branches within Iosco, Ogemaw, Alpena, Presque Isle, Alcona and Montmorency counties of Michigan.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summarize the significant accounting and reporting policies used in the preparation of the consolidated financial statements:

Use of Estimates in Preparing Financial Statements: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The primary estimates incorporated into the Corporation's financial statements which are susceptible to change in the near term include the allowance for loan losses, the determination and carrying value of impaired loans, the determination and carrying value of intangibles, the determination and carrying value of certain financial instruments and the realization of deferred tax assets.

Securities: At December 31, 1993, the Corporation adopted Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities (SFAS No. 115). As required by SFAS No. 115, securities classified as available for sale are reported at their fair value and the related unrealized holding gain or loss is reported, net of related income tax effects, as a separate component of shareholders' equity, until realized. Securities available for sale consist of those securities not classified as held to maturity. Such securities might be sold prior to maturity due to changes in interest rates, prepayment risks, yield and availability of alternative investments, liquidity needs or other factors. Securities for which management has the positive intent and the Corporation has the ability to hold to maturity are reported at amortized cost.

Premiums and discounts on securities are recognized in interest income using the interest method over the period to maturity. Gains and losses on the sale of securities available for sale are determined using the specific identification method.

NORTH BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

Loans and Interest and Fees on Loans: Loans are stated at their principal amount outstanding. Interest on loans is accrued over the term of the loan based upon the amount of the principal outstanding. The accrual of interest is discontinued on a loan when management believes serious doubt exists as to the collectibility of the loan principal or interest. Loan fees and certain direct loan origination costs are deferred and amortized into interest income over the term of the loans using the level yield method.

Allowance for Loan Losses: Because some loans may not be repaid in full, an allowance for loan losses is recorded. Increases to the allowance are recorded by a provision for possible loan losses charged to expense. Estimating the risk of loss and the amount of loss on any loan is necessarily subjective. Accordingly, the allowance is maintained by management at a level considered adequate to cover possible losses that are currently anticipated based on past loss experience, general economic conditions, information about specific borrower situations including their financial position and collateral values, and other factors and estimates which are subject to change over time. While management may periodically allocate portions of the allowance for specific problem loan situations, the whole allowance is available for any loan charge-offs that occur. A loan is charged off by management as a loss when deemed uncollectible, although collection efforts continue and further recoveries may occur.

Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan (SFAS No. 114), as amended by SFAS No. 118, was adopted by the Corporation on January 1, 1995. Under this Standard, loans considered to be impaired are reduced to the present value of expected future cash flows or to the fair value of collateral, by allocating a portion of the allowance for loan losses to such loans. If these allocations cause the allowance for loan losses to require an increase, such an increase is reported as bad debt expense. The adoption of this Standard was immaterial to the 1995 consolidated financial statements.

The carrying values of impaired loans are periodically adjusted to reflect cash payments, revised estimates of future cash flows, and increases in the present value of expected cash flows due to the passage of time. Cash payments representing interest income are reported as such. Other cash payments are reported as reductions in the carrying value of the loan. Increases or decreases due to changes in estimates of future payments and due to the passage of time are reported within the provision for loan losses.

The Corporation has defined "impaired loans" as those loans for which it is probable that all principal and interest due will not be repaid in accordance with the original loan agreement. The Corporation has set minimum balance and condition requirements before a loan may be considered to be impaired.

Loans Held for Sale: Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or market value in the aggregate. Net unrealized losses are recognized in a valuation allowance by adjustments to income.

Premises and Equipment: Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are provided primarily on the straight-line basis over the estimated useful lives of the assets. Maintenance and repairs are expensed and major improvements are capitalized. At the time of sales or disposition of an asset, the applicable cost and accumulated depreciation amounts are removed from the books.

Other Real Estate: Other real estate includes properties acquired through, or in lieu of, loan foreclosure and are initially recorded at fair value at the date of foreclosure establishing a new cost basis. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less costs to sell. Revenue and expenses from operations and changes in the valuation allowance are included in loss on other real estate.

NORTH BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

Intangible Assets and Goodwill: The value of core deposits acquired in a 1995 branch acquisition are amortized on an accelerated method over their expected lives. The excess of purchase price over the fair value of assets and liabilities acquired (goodwill) is amortized on a straight-line basis over 12 years.

Income Taxes: In 1995, the Corporation retroactively adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (SFAS No. 109), by restating 1991 and subsequent years. The Corporation records income tax expense based on the amount of taxes due on its tax return plus deferred taxes computed based on the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities, using enacted tax rates. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Net Income (Loss) Per Common Share: Net income (loss) per common share is based on the weighted average common shares outstanding during the years presented, retroactively adjusted for a two-for-one stock split effected December 31, 1993. The stock split was recorded at par value. Beginning in 1994, Employee Stock Ownership Plan shares are considered outstanding for net income(loss) per share calculations as they are committed to be released; unallocated shares are not considered outstanding. The weighted average number of common shares used in the per share computations were 481,759 in 1995, 472,876 in 1994 and 482,532 in 1993.

Statement of Cash Flows: For purposes of this statement, cash and cash equivalents include cash on hand, demand deposits in other institutions, federal funds sold and short-term investments. The Corporation reports net cash flows for customer loan and deposit transactions.

Impact of New Accounting Standards: The following new accounting standards have been issued by the Financial Accounting Standards Board that will apply in 1996. Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets, requires a review of long-term assets for impairment of recorded value and resulting write-downs if value is impaired. Statement of Financial Accounting Standards No. 122, Accounting for Mortgage Servicing Rights, requires recognition of an asset when servicing rights are retained on in-house originated loans that are sold. Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, requires proforma disclosure of the effect on net income of valuing future option grants at their estimated fair value. These Statements are not expected to have a material effect on the Corporation's financial position or results of operations.

Reclassification: Certain reclassifications have been made to prior period consolidated financial statements to place them on a basis comparable with the current year's consolidated financial statements.

NOTE 3 -- CASH AND DUE FROM BANKS

Included in cash and due from banks are amounts required to be deposited with the Federal Reserve Bank. These reserve balances vary, depending on the level of customer deposits in the Corporation's subsidiary bank. At December 31, 1995 and 1994, the Federal Reserve balances were \$717,000 and \$694,000, respectively.

NORTH BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 4 -- SECURITIES

The amortized cost and fair value of securities are as follows at December 31, in thousands:

	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
	-----	-----	-----	-----
AVAILABLE FOR SALE				
1995				
U.S. Government agencies.....	\$20,660	\$120	\$ (9)	\$20,771
Obligations of states and political subdivisions....	2,282	6	(16)	2,272
Mortgage-backed securities.....	24,786	54	(210)	24,630
Equity securities.....	992			992
	-----	-----	-----	-----
	\$48,720	\$180	\$ (235)	\$48,665
	=====	=====	=====	=====
1994				
U.S. Government agencies.....	\$ 462		\$ (3)	\$ 459
Mortgage-backed securities.....	26,769		(1,718)	25,051
Equity securities.....	993			993
	-----	-----	-----	-----
	\$28,224		\$ (1,721)	\$26,503
	=====	=====	=====	=====
HELD TO MATURITY				
1994				
U.S. Government agencies.....	\$ 952		\$ (7)	\$ 945
Obligations of states and political subdivisions....	12,965	\$ 65	(580)	12,450
Mortgage-backed securities.....	16,667		(1,307)	15,360
	-----	-----	-----	-----
	\$30,584	\$ 65	\$ (1,894)	\$28,755
	=====	=====	=====	=====

Transfer of Securities from HTM to AFS: Effective in May 1995, the entire portfolio of securities held to maturity were reclassified as securities available for sale. The amount of securities transferred had a book value of \$30,249,000, a fair value of \$29,499,000, and a net unrealized loss of \$750,000 at the time of transfer. Management believes that classification of all securities as available for sale will provide the Bank with greater flexibility in managing the Bank's assets and liabilities.

The amortized cost and fair value of securities at December 31, 1995, by contractual maturity, are shown below in thousands. Maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	AVAILABLE FOR SALE	
	AMORTIZED COST	FAIR VALUE
	-----	-----
Due in one year or less.....	\$ 1,243	\$ 1,239
Due after 1 year through 5 years.....	6,507	6,522
Due after 5 years through 10 years.....	15,192	15,282
Mortgage-backed securities.....	24,786	24,630
Equity securities.....	992	992
	-----	-----
	\$48,720	\$48,665
	=====	=====

Because of their variable payments, mortgage-backed securities are not reported by a specific maturity grouping.

NORTH BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 4 -- SECURITIES -- CONTINUED

Sales activities for the years ended December 31 were as follows, in thousands:

	AVAILABLE FOR SALE			HELD TO MATURITY		
	1995	1994	1993	1995	1994	1993
Sales proceeds.....	\$62,290	\$20,612	\$78,981			\$9,251
Gross gains.....	334	104	980			411
Gross losses.....	445	478	167			23

At December 31, 1995, mortgage-backed securities with a carrying value of approximately \$11,995,000 were pledged to secure public deposits and advances from the Federal Home Loan Bank (Note 10).

NOTE 5 -- LOANS

Total loans consist of the following at December 31, in thousands:

	1995	1994
Commercial.....	\$20,923	\$17,349
Consumer.....	30,335	25,907
Real Estate.....	39,073	38,577
	\$90,331	\$81,833
	=====	=====

Loans held for sale totaled \$1,115,000 and \$25,000 at December 31, 1995 and 1994, respectively. Loans sold with servicing retained totaled \$1,671,000 and \$32,088,000 at December 31, 1995 and 1994, respectively.

NOTE 6 -- ALLOWANCE FOR LOAN LOSSES

An analysis of activity in the allowance for loan losses for the years ended December 31, follows in thousands:

	1995	1994	1993
Balance -- January 1.....	\$ 949	\$ 902	\$ 993
Provision charged to expense.....	307	180	150
Loans charged off.....	(386)	(207)	(348)
Recoveries.....	118	74	107
Balance -- December 31.....	\$ 988	\$ 949	\$ 902
	=====	=====	=====

Information regarding impaired loans is as follows for 1995:

Average investment in impaired loans.....	\$ 319
Interest income recognized on impaired loans on cash basis.....	44

Information regarding impaired loans at December 31, 1995 is as follows:

Total impaired loans.....	\$ 389
Less loans for which no allowance for loan losses is allocated.....	(389)
Impaired loans for which an allowance for loan losses is allocated...	\$ 0
Portion of allowance allocated to these loans.....	\$ 0

NORTH BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 6 -- ALLOWANCE FOR LOAN LOSSES -- CONTINUED

Nonperforming loans, including loans on nonaccrual and loans past due greater than 90 days, totaled \$1,014,000 at December 31, 1994.

NOTE 7 -- PREMISES AND EQUIPMENT

Premises and equipment by classification are as follows at December 31, in thousands:

	1995	1994
	-----	-----
Land.....	\$ 640	\$ 497
Buildings and improvements.....	4,507	4,712
Furniture and fixtures.....	3,974	3,915
	-----	-----
	9,121	9,124
Accumulated depreciation.....	(3,541)	(3,077)
	-----	-----
	\$ 5,580	\$ 6,047
	=====	=====

NOTE 8 -- DEPOSITS

The aggregate amount of time certificates of deposit in denominations of \$100,000 or more approximated \$2,980,000 and \$3,567,000 as of December 31, 1995 and 1994, respectively.

At December 31, 1995, the maturity of certificates of deposits for each year is as follows:

1996.....	\$39,023
1997.....	4,432
1998.....	3,992
1999.....	4,185
2000.....	3,783
Afterwards.....	176

	\$55,591
	=====

NOTE 9 -- INCOME TAXES

The following are the components of the federal income tax expense (benefit) for the years ended December 31, in thousands:

	1995	1994	1993
	-----	-----	-----
Current expense.....	\$ 57	\$ 27	\$232
Deferred expense (benefit).....	(112)	(13)	28
Net operating loss benefit.....	(66)	(96)	----
	-----	-----	-----
	\$(121)	\$(82)	\$260
	=====	=====	=====

NORTH BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 9 -- INCOME TAXES -- CONTINUED

The net deferred tax asset (liability) at December 31, 1995 and 1994 is comprised of the following:

	1995	1994
	-----	-----
Deferred tax assets		
Net unrealized depreciation on securities available for sale.....	\$ 19	\$ 585
Allowance for loan losses.....	154	140
Nonaccrual interest.....	3	14
Pension.....		100
AMT credit carry forward.....	108	107
Net operating loss.....	162	96
Other.....	32	36
	-----	-----
	478	1,078
Deferred tax liabilities		
Fixed assets.....	(348)	(223)
Purchase accounting adjustments.....	(310)	(477)
Pension.....	(17)	
Other.....	(45)	(61)
	-----	-----
	(720)	(761)
	-----	-----
Net deferred tax asset (liability).....	\$(242)	\$ 317
	=====	=====

No valuation allowance has been provided on deferred tax assets.

The difference between the financial statement tax expense and amounts computed by applying the federal statutory tax rate of 34% to pretax income is reconciled as follows:

	1995	1994	1993
	-----	-----	-----
Statutory rate applied to income (loss) before federal income taxes.....	\$ (51)	\$ 85	\$ 575
Add (Deduct)			
Effect of tax exempt interest.....	(125)	(210)	(299)
Effect of disallowed interest expense.....	19	27	31
Other.....	36	16	(47)
	-----	-----	-----
	\$(121)	\$ (82)	\$ 260
	=====	=====	=====

A tax operating loss carryforward in the amount of \$96,000 expires in 2009. The remaining \$66,000 in carryforward expires in 2010.

NORTH BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 10 -- LONG TERM BORROWINGS

Included in long-term borrowings on the consolidated balance sheets are advances from the Federal Home Loan Bank (FHLB) which consist of the following at December 31, in thousands:

	RATE AT DECEMBER 31, 1995	MATURITY	1995	1994
	-----	-----	-----	-----
Adjustable Rate Advances:		November 10, 1999		\$ 5,000
	5.908%	July 15, 1998	\$9,000	10,000
Fixed Rate Advances:		August 15, 2003		2,364
		December 15, 2003		2,364
			-----	-----
			\$9,000	\$19,728
			=====	=====

The adjustable rate advances are priced at the three-month LIBOR rate less three basis points. The advances are secured by approximately \$11,495,000 in securities as of December 31, 1995. Interest is payable in monthly installments through the date of maturity. Prepayments on the adjustable rate advances up to 10% of the principal balance will be accepted by the FHLB given the Corporation's notification to the FHLB of their intent to prepay.

NOTE 11 -- EMPLOYEE BENEFIT PLANS

The Corporation maintains an Employee Stock Ownership Plan (ESOP), which invests primarily in stock of North Bank Corporation. The ESOP is a stock bonus and defined contribution plan covering substantially all full-time employees ages 21 or older, having completed one full year of service. In accordance with the terms of the ESOP, employees may make voluntary contributions to the Plan of up to 10 percent of eligible compensation, subject to certain limitations. The Corporation will match employee contributions equal to the greater of 50% of the first 6% of compensation deferred by the participant or a discretionary amount determined by the employer. The Corporation may also make a supplemental matching contribution to the Plan in an amount determined by the employer. The Corporation's contributions for 1995 and 1994 were \$62,000 and \$49,000, respectively. At December 31, 1995, 48,114 shares were allocated to individual participants under the plan.

The ESOP had a loan from a commercial bank which was paid off during 1995. Accordingly, the Corporation had guaranteed the ESOP's debt. As loan payments were made, unallocated shares were released and allocated to plan participants. The ESOP's repayments of the debt were made from the contributions and dividends on stock it received from the Corporation.

The Corporation has a stock option plan, adopted by shareholders in 1993, which provides for the grant of a maximum of 20,000 shares of the Corporation's common stock to certain officers and employees at a price which is not less than the fair market value of the stock at the time the options are granted. The options

NORTH BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 11 -- EMPLOYEE BENEFIT PLANS -- CONTINUED

granted are exercisable immediately and expire five years after the date of the grant. No options were granted in 1993. Activity in the plan was as follows:

	OPTION PRICE	SHARES SUBJECT TO OPTION
	-----	-----
Options granted in 1994.....	\$16.25	3,039
Options expired.....	16.25	(218)

Outstanding December 31, 1994.....		2,821
Options granted.....	16.45	3,412
Options expired.....	16.25	(262)
Options expired.....	16.45	(255)
Options exercised.....	16.25	(283)
Options exercised.....	16.45	(279)

Outstanding December 31, 1995.....		5,154
Exercisable at December 31, 1995.....	16.25	2,276

	16.45	2,878

		5,154
		=====

Nonqualified stock options were granted to an officer of the Corporation during 1993. The options cover 4,000 shares of common stock at the price of \$15.13 and expire in 1998. At December 31, 1995, the options had not been exercised.

The Corporation sponsored a non-contributory, defined benefit pension plan covering substantially all employees. On December 31, 1994, the Corporation curtailed the defined benefit pension plan, which resulted in the freezing of benefits as of that date. The net loss due to the plan curtailment was \$72,230 for 1994. During December 1995, the Corporation terminated the plan and settled \$1,103,000 of the accumulated benefit obligation by making cash payments to plan participants and purchasing nonparticipating annuity contracts. The remaining accumulated benefit obligation is expected to be settled by April 1996. Defined benefits were not provided under any successor plan. The net loss due to the plan settlement was \$773,910 for 1995.

The following sets forth the plan's funded status and amounts recognized in the consolidated balance sheets at December 31, in thousands:

	1995	1994
	----	-----
Actuarial present value of vested accumulated benefit obligation.....	\$(88)	\$(1,098)
Plan assets at fair value.....	178	802
	----	-----
Excess (deficiency) of plan assets over (under) accumulated benefit obligation.....	90	(296)
Unrecognized net loss.....		536
Unrecognized transition asset.....		(33)
Adjustment required to recognize minimum liability.....		(503)
	----	-----
Net pension assets (liabilities).....	\$ 90	\$ (296)
	=====	=====

NORTH BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 11 -- EMPLOYEE BENEFIT PLANS -- CONTINUED

Net pension cost included in operations, including the effects of curtailment and settlement, consisted of the following components:

	1995	1994	1993
	-----	-----	-----
Service cost-benefits earned.....		\$ 88	\$ 80
Interest cost on projected benefit obligation.....	\$ 75	80	79
Expected return on plan assets.....	(92)	(76)	(71)
Net amortization and deferral.....	(1)	34	34
Net loss due to curtailment.....		72	
Net loss due to settlement.....	774		
	-----	-----	-----
Net periodic pension cost.....	\$756	\$198	\$ 122
	=====	=====	=====

In accordance with the provisions of Statement of Financial Accounting Standards No. 87, the Corporation recorded an additional minimum pension liability adjustment in 1994 representing the excess of the accumulated benefit obligation over the fair value of plan assets plus the amount recognized as prepaid pension costs. The additional minimum pension liability was included in "Other liabilities". This transaction, which had no impact on earnings, resulted in a reduction of shareholders' equity in 1994 of \$332,640, net of tax.

A weighted average discount rate of 7% was used in determining the actuarial present value of the accumulated benefit obligation in 1995 and 1994. The expected long-term rate of return on plan assets was 9% in both years.

NOTE 12 -- RELATED PARTY TRANSACTIONS

The Corporation enters into transactions with certain executive officers, directors, and their related interests. Included in these transactions are loans which amounted to approximately \$130,000 and \$309,000 at December 31, 1995 and 1994, respectively. Deposit accounts with the same individuals amounted to \$549,324 and \$492,863 at December 31, 1995 and 1994, respectively.

NOTE 13 -- COMMITMENTS AND CONTINGENCIES

From time to time, the Corporation is involved in legal matters in the ordinary course of business. Management believes that the ultimate resolution of such matters will not have a material effect on the consolidated financial statements.

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet financing needs of its customers. These financial instruments include commitments to make loans and unused lines of credit. The Bank follows the same credit policy to make such commitments as is followed for loans and investments recorded in the consolidated financial statements.

As of December 31, 1995, the Bank has outstanding commitments to make loans of which 67% are at fixed rates. These interest rates range from 8.25% to 9.75%. The Bank also funds unused lines of credit of which 26% are at fixed rates. The fixed interest rates on the line of credits range from 6.20% to 11.75%.

Outstanding commitments at December 31 were as follows:

	1995	1994
	-----	-----
To make loans.....	\$ 341,000	\$ 201,000
To fund lines of credit.....	7,152,000	3,091,000
To extend letters of credit.....	75,000	68,000

NORTH BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 14 -- NORTH BANK CORPORATION (PARENT COMPANY ONLY) CONDENSED FINANCIAL INFORMATION (IN THOUSANDS)

Presented below are condensed financial statements for the parent company:

CONDENSED BALANCE SHEETS

	1995	1994
	-----	-----
Assets		
Cash.....	\$ 34	\$ 37
Investment in subsidiary.....	10,545	9,415
Other assets.....	67	71
	-----	-----
	\$10,646	\$9,523
	=====	=====
Shareholders' equity.....	\$10,646	\$9,523
	=====	=====

CONDENSED STATEMENTS OF INCOME

	1995	1994	1993
	----	----	-----
Dividends from subsidiary.....	\$289	\$317	\$ 578
Operating expenses.....	20	73	64
	----	----	-----
Income before federal income tax and equity in undistributed or excess distributed earnings or loss of subsidiary.....	269	244	514
Federal income tax benefit.....	4	25	20
	----	----	-----
Income before equity in undistributed or excess distributed earnings or loss of subsidiary.....	273	269	534
Equity in undistributed or excess distributed earnings or loss of subsidiary.....	(302)	64	897
	----	----	-----
Net income.....	\$(29)	\$333	\$1,431
	====	====	=====

NORTH BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 14 -- NORTH BANK CORPORATION (PARENT COMPANY ONLY) CONDENSED FINANCIAL INFORMATION (IN THOUSANDS) -- CONTINUED
CONDENSED STATEMENTS OF CASH FLOWS

	1995	1994	1993
	-----	-----	-----
CASH FLOW FROM OPERATING ACTIVITIES			
Net income (loss).....	\$ (29)	\$ 333	\$ 1,431
Adjustments to reconcile net income to net cash from operating activities			
Equity in subsidiary's net (income)loss.....	13	(381)	(1,475)
Increase (decrease) in other assets.....	4	(13)	(8)
	-----	-----	-----
Net cash from operating activities.....	(12)	(61)	(52)
CASH FLOW FROM INVESTING ACTIVITIES			
Increase (decrease) in advances to subsidiary.....			(45)
Dividends from subsidiary.....	289	317	578
	-----	-----	-----
Net cash from investing activities.....	289	317	533
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders.....	(289)	(288)	(265)
Issuance of common stock.....	9		
Repurchases of common stock.....			(147)
	-----	-----	-----
Net cash from financing activities.....	(280)	(288)	(412)
Net increase in cash and cash equivalents.....	(3)	(32)	69
Cash at beginning of period.....	37	69	
	-----	-----	-----
Cash at end of year.....	\$ 34	\$ 37	\$ 69
	=====	=====	=====

NOTE 15 -- DISCLOSURES REGARDING FAIR VALUE OF FINANCIAL INSTRUMENTS (IN THOUSANDS)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and Short-Term Investments: For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

Securities: For securities, fair value is based upon market price quotes from brokers utilizing pricing formulas.

Loans: The fair value of loans is estimated by discounting future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Deposit Liabilities: The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated by discounting future cash flows using the rates currently offered for deposits of similar remaining maturities.

Long-Term Borrowings: The fair value of FHLB advances is estimated by discounting future cash flows using rates currently offered for similar terms.

Accrued Interest Receivable/Payable: For these items, the carrying amount is a reasonable estimate of fair value.

NORTH BANK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE 15 -- DISCLOSURES REGARDING FAIR VALUE OF FINANCIAL INSTRUMENTS (IN THOUSANDS) -- CONTINUED

Commitments to Extend Credit and Standby Letters of Credit: The fair value of commitments is estimated using the fees currently charged to enter similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of letters of credit is based on fees currently charged for similar agreements or on the estimated costs to terminate them or otherwise settle the obligations with the counterparties at the reporting date. The fair values associated with these financial instruments are immaterial at December 31, 1995 and 1994.

The estimated fair values of the Corporation's financial instruments are as follows:

	1995		1995	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Financial assets				
Cash and short-term investments.....	\$ 6,621	\$ 6,621	\$ 8,121	\$ 8,121
Securities.....	48,665	48,665	57,087	55,257
Loans.....	90,331	90,159	81,833	80,308
Less: allowance for loan loss.....	(988)	(988)	(949)	(949)
Accrued interest receivable.....	1,102	1,102	1,010	1,010
Financial liabilities				
Deposits.....	131,765	132,267	123,765	124,121
Borrowings.....	9,000	9,000	20,828	20,328
Accrued interest payable.....	516	516	496	496

NOTE 16 -- RESTRICTIONS ON SUBSIDIARY DIVIDENDS

Banking laws and regulations restrict the amount the Bank can transfer to the Corporation in the form of cash dividends. At December 31, 1995, \$3.6 million of retained earnings of the Bank was available for distribution to the Corporation as dividends without prior regulatory approval. It is not the intent of management to pay dividends in amounts which would reduce the capital of the Bank to a level below that which is considered prudent by management and in accordance with the guidelines of regulatory authorities.

NOTE 17 -- PENDING MERGER

In February 1996, the Corporation entered into a definitive agreement to be acquired by Independent Bank Corporation of Ionia, Michigan (a publicly-traded corporation). The purchase price is estimated to be \$33 per share of North Bank Corporation common stock. The acquisition is subject to both regulatory and shareholder approval and is expected to be completed during the second quarter of 1996.

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NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION AND REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITER. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL.

600,000 SHARES

INDEPENDENT BANK LOGO

DEPOSITARY SHARES
EACH REPRESENTING A
1/4 INTEREST IN A SHARE OF
% CUMULATIVE, CONVERTIBLE
PREFERRED STOCK, SERIES A

Prospectus
, 1996

STIFEL, NICOLAUS & COMPANY
INCORPORATED

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

Expenses in connection with the issuance and distribution of the securities being registered are estimated as follows, all of which are to be borne by the Company:

SEC Registration Fee.....	\$5,227.27
NASDAQ Fee.....	*
Printing and Engraving Expenses.....	*
Accounting Fees.....	*
Transfer and Registrar's Fees.....	*
Legal Fees and Expenses.....	*
Blue Sky Qualification Fees and Expenses.....	*
Miscellaneous.....	*

Total.....	=====

* To be completed by amendment.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Articles of Incorporation of the Company provide that its directors and officers are to be indemnified as of right to the fullest extent permitted under the Michigan Business Corporation Act ("MBCA"). Under the MBCA, directors, officers, employees or agents are entitled to indemnification against expenses (including attorneys' fees) whenever they successfully defend legal proceedings brought against them by reason of the fact that they hold such a position with the corporation. In addition, with respect to actions not brought by or in the right of the corporation, indemnification is permitted under the MBCA for expenses (including attorneys' fees), judgments, fines, penalties and reasonable settlement if it is determined that the person seeking indemnification acted in a good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders and, with respect to criminal proceedings, he or she had no reasonable cause to believe that his or her conduct was unlawful. With respect to actions brought by or in the right of the corporation, indemnification is permitted under the MBCA for expenses (including attorneys' fees) and reasonable settlements, if it is determined that the person seeking indemnification acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders; provided, indemnification is not permitted if the person is found liable to the corporation, unless the court in which the action or suit was brought has determined that indemnification is fair and reasonable in view of all the circumstances of the case.

The MBCA specifically provides that it is not the exclusive source of indemnity. As a result, the Company adopted individual indemnification agreements with its directors. Approved by the Company's shareholders, the indemnification agreements provide a contractually enforceable right for prompt indemnification, except that indemnification is not required where: (i) indemnification is provided under an insurance policy, except for amounts in excess of insurance coverage; (ii) indemnification is provided by the Company outside of the agreement; (iii) the claim involved a violation of Section 16(b) of the Securities Exchange Act of 1934 or similar provision of state law; or (iv) indemnification by the Company is otherwise prohibited by law. In the case of a derivative or other action by or in the right of the Company where a director is found liable, indemnity is predicated on the determination that indemnification is nevertheless appropriate, by majority vote of a committee of disinterested directors, independent legal counsel, or a court where the claim is litigated, whichever the indemnitee chooses. The protection provided by the indemnification agreements is broader than that under the MBCA, where indemnification in such circumstances is available only where specifically authorized by the court where the claim is litigated.

In addition to the available indemnification, the Company's Articles of Incorporation, as amended, limit the personal liability of the members of its Board of Directors for monetary damages with respect to claims by the Company or its shareholders resulting from certain negligent acts or omissions.

Under an insurance policy maintained by the Company, the directors and officers of the Company are insured within the limits and subject to the limitations of the policy, against certain expenses in connection with the defense of certain claims, actions, suits or proceedings, and certain liabilities which might be imposed as a result of such claims, action, suits or proceedings, which may be brought against them by reason of being or having been such directors and officers.

The Company has agreed to indemnify the Underwriter, and the Underwriter has agreed to indemnify the Company against certain civil liabilities, including liabilities under the Securities Act of 1933, as amended. Reference is made to the Underwriting Agreement filed as Exhibit 1 herewith.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

Reference is made to the Exhibit Index which appears at page II-4 of the Registration Statement.

ITEM 17. UNDERTAKINGS.

Insofar as indemnification for liabilities under the Securities Act of 1933, as amended (the "Act") may be permitted to directors, officers and controlling persons of the Company pursuant of the foregoing provisions, or otherwise, the Company has been advised that, in the opinion of the Securities and Exchange Commission such indemnification is against the public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Company hereby undertakes that: (1) For purposes of determining any liability under the Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Company pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective; and (2) For the purpose of determining any liability under the Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Company certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-2 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Ionia, State of Michigan on October 18, 1996.

INDEPENDENT BANK CORPORATION

/s/ CHARLES C. VAN LOAN

 Charles C. Van Loan, Principal
 Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Charles C. Van Loan and William R. Kohls, and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	POSITION	DATE
/s/ CHARLES C. VAN LOAN	Principal Executive Officer and Director	October 18, 1996
Charles C. Van Loan /s/ WILLIAM R. KOHLS	Principal Financial Officer	October 18, 1996
William R. Kohls /s/ JAMES J. TWAROZYNSKI	Principal Accounting Officer	October 18, 1996
James J. Twarozynski /s/ WILLIAM F. EHINGER	Director	October 18, 1996
William F. Ehinger /s/ KEITH E. BAZAIRE	Director	October 18, 1996
Keith E. Bazaire /s/ TERRY L. HASKE	Director	October 18, 1996
Terry L. Haske /s/ THOMAS F. KOHN	Director	October 18, 1996
Thomas F. Kohn /s/ ROBERT J. LEPPINK	Director	October 18, 1996
Robert J. Leppink /s/ REX P. O'CONNOR	Director	October 18, 1996
Rex P. O'Connor /s/ ARCH V. WRIGHT, JR.	Director	October 18, 1996
Arch V. Wright, Jr. /s/ CHARLES A. PALMER	Director	October 18, 1996
Charles A. Palmer		

EXHIBIT INDEX

EXHIBIT NUMBER AND DESCRIPTION

1	Form of Underwriting Agreement
4.1	Certificate of Designation of the % Cumulative, Convertible Preferred Stock, Series A
4.2	Form of Depositary Receipt (attached as Exhibit A) to Deposit Agreement, filed as Exhibit 4.3 hereto
4.3	Form of Deposit Agreement by and between the Company and State Street Bank & Trust Company
5*	Opinion of Varnum, Riddering, Schmidt & Howlett LLP as to the validity of the issuance of the securities being registered
10(A)	Deferred Benefit Plan for Directors (incorporated hereby by reference to Exhibit 10(C) to the Company's report on Form 10-K for the year ended December 31, 1984)
10(B)	The form of Indemnity Agreement approved by the Company's shareholders at its April 19, 1988 Annual Meeting, as executed with all of the Directors of the Company (incorporated herein by reference to Exhibit 10(F) to the Company's report on Form 10-K for the year ended December 31, 1988)
10(C)	Incentive Share Grant Plan, as amended, approved by the Company's shareholders at its April 21, 1992 Annual Meeting (incorporated herein by reference to Exhibit 10 to the Company's report on Form 10-K for the year ended December 31, 1992)
10(D)	Nonemployee Director Stock Option Plan, approved by the Company's shareholders at its April 21, 1992 Annual Meeting (incorporated herein by reference to Exhibit 28 to the Company's Form S-8 Registration Statement, dated April 23, 1993, filed under Registration No. 33-62086)
10(E)	Employee Stock Option Plan, approved by the Company's shareholders at its April 21, 1992 Annual Meeting (incorporated herein by reference to Exhibit 28 to the Company's Form S-8 Registration Statement, dated April 30, 1993, filed under Registration No. 33-62090)
10(F)	Agreement and Plan of Reorganization among the Company, IBC Interim Co., and North Bank Corporation, dated February 2, 1996 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on 8-K filed June 16, 1996)
10(G)	Agreement to Purchase Assets and Assume Liabilities By and Between the Company and First of America Bank-Michigan, National Association, dated September 18, 1996
23.1	Consent of KPMG Peat Marwick LLP, Independent Auditors
23.2	Consent of Crowe, Chizek and Company LLP, Independent Auditors
23.3*	Consent of Varnum, Riddering, Schmidt & Howlett LLP (to be included in their opinion filed herewith as Exhibit 5)
24	Power of Attorney (included on the signature page)

* To be filed by amendment

600,000 Depositary Shares

INDEPENDENT BANK CORPORATION

Depositary Shares Each Representing a 1/4 Interest in a Share of
____% Cumulative, Convertible Preferred Stock, Series A
(Liquidation Preference of \$25 per Depositary Share)

UNDERWRITING AGREEMENT

November __, 1996

STIFEL, NICOLAUS & COMPANY, INCORPORATED
500 North Broadway
St. Louis, Missouri 63102

Dear Sirs:

Independent Bank Corporation, a Michigan corporation (the "Company"), proposes to issue and sell to Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), pursuant to the terms of this Agreement, 600,000 depositary shares with a liquidation preference of \$25.00 per depositary share, each representing a 1/4 interest (the "Depositary Shares") in a share of the Company's ____% Cumulative, Convertible Preferred Stock, Series A, no par value (the "Preferred Stock") to be issued under a Certificate of Designations (the "Certificate of Designations"), the terms of which are more fully described in the Prospectus (as hereinafter defined). The 600,000 Depositary Shares to be sold by the Company are herein called the "Firm Shares." Solely for the purpose of covering over-allotments in the sale of the Firm Shares, the Company further proposes to issue and sell to the Underwriter, at their option, up to an additional 90,000 Depositary Shares (the "Option Shares") upon exercise of the over-allotment option granted in Section 1 hereof. The Firm Shares and any Option Shares are herein collectively referred to as the "Shares."

The Company hereby confirms as follows its agreement with the Underwriter in connection with the proposed purchase of the Shares.

1. SALE, PURCHASE AND DELIVERY OF SHARES. On the basis of the representations, warranties and agreements herein contained, and subject to the terms and conditions herein set forth, the Company hereby agrees to sell to the Underwriter and the Underwriter agrees to purchase from the Company, at a purchase price per share of \$____ (the "Purchase Price") the Firm Shares.

In addition, on the basis of the representations, warranties and

agreements herein contained and subject to the terms and conditions herein set forth, the Company hereby grants to the Underwriter, an option to purchase all or any portion of the 90,000 Option Shares, and upon the exercise of such option in accordance with this Section 1, the Company hereby agrees to sell to the Underwriter, and the Underwriter agrees to purchase from the Company, all or any portion of the Option Shares at the same Purchase Price per share paid for the Firm Shares. The option hereby granted (the "Option") shall expire 30 days after the date upon which the Registration Statement (as hereinafter defined) becomes effective and may be exercised only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Firm Shares. The Option may be exercised in whole or in part at any time (but not more than once) by you giving notice (confirmed in writing) to the Company setting forth the number of Option Shares as to which the Underwriter is exercising the Option and the time, date and place for payment and delivery of certificates for such Option Shares. Such time and date of payment and delivery for the Option Shares (the "Option Closing Date") shall be determined by you, but shall not be earlier than two nor later than five full business days after the exercise of such Option, nor in any event prior to the Closing Date (as hereinafter defined). The Option Closing Date may be the same as the Closing Date.

Payment of the Purchase Price and delivery of certificates for the Firm Shares shall be made at the offices of the Underwriter, 500 North Broadway, St. Louis, Missouri 63102, or such other place as shall be agreed to by you and the Company, at 10:00 a.m., St. Louis time, on _____, 1996, or at such other time not more than five full business days thereafter as the Company and you shall determine (the "Closing Date"). If the Underwriter exercises the option to purchase any or all of the Option Shares, payment of the Purchase Price and delivery of certificates for such Option Shares shall be made on the Option Closing Date at the offices of the Underwriter, or at such other place as the Company and you shall determine. Such payments shall be made to the Company or its order by wire transfer or certified or bank cashier's check, in clearing house or similar immediately available funds, in the amount of the Purchase Price therefor, against delivery by or on behalf of the Company to you for the Underwriter of certificates for the Shares to be purchased by the Underwriter.

The Agreement contained herein with respect to the timing of the Closing Date and Option Closing Date is intended to, and does, constitute an express agreement, as described in Rule 15c6-1(c) and (d) promulgated under the 1934 Act (as defined herein), for a settlement date other than four business days after the date of the contract.

Certificates for Shares to be purchased by the Underwriter shall be delivered in fully registered form in such authorized denominations and registered in such names as you shall request not later than 12:00 noon, St. Louis time, two

business days prior to the Closing Date and, if applicable, the Option Closing Date. Certificates for Shares to be purchased by the Underwriter shall be made available to you for inspection, checking and packaging at such office as you may designate not later than 1:00 p.m., St. Louis time, on the last business day prior to the Closing Date and, if applicable, on the last business day prior to the Option Closing Date.

Time shall be of the essence, and delivery of the certificates for the Shares at the time and place specified pursuant to this Agreement is a further condition of the obligations of the Underwriter hereunder.

2. REPRESENTATIONS AND WARRANTIES.

(a) The Company represents and warrants to, and agrees with, the Underwriter that:

(i) The reports filed with the Securities and Exchange Commission (the "Commission") by the Company under the Securities Exchange Act of 1934, as amended (the "1934 Act") and the rules and regulations thereunder (the "1934 Act Regulations") at the time they were filed with the Commission, complied as to form in all material respects with the requirements of the 1934 Act and the 1934 Act Regulations and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(ii) The Company has prepared and filed with the Commission a registration statement on Form S-2 (File No. 33-_____) for the registration of the Shares under the Securities Act of 1933, as amended (the "1933 Act"), including the related prospectus subject to completion, and one or more amendments to such registration statement may have been so filed, in each case in conformity in all material respects with the requirements of the 1933 Act and the rules and regulations promulgated thereunder (the "1933 Act Regulations"). Copies of such registration statement, including any amendments thereto, each Preliminary Prospectus (as defined herein) contained therein and the exhibits, financial statements and schedules to such registration statement, as finally amended and revised, have heretofore been delivered by the Company to the Underwriter. After the execution of this Agreement, the Company will file with the Commission (A) if such registration statement, as it may have been amended, has been declared by the Commission to be effective under the 1933 Act, a prospectus in the form most recently included in an amendment to such registration statement (or, if no such amendment shall have been

filed, in such registration statement), with such changes or insertions as are required by Rule 430A of the 1933 Act Regulations ("Rule 430A") or permitted by Rule 424(b) of the 1933 Act Regulations ("Rule 424(b)") and as have been provided to and not objected to by the Underwriter prior to (or as are agreed to by the Underwriter subsequent to) the execution of this Agreement, or (B) if such registration statement, as it may have been amended, has not been declared by the Commission to be effective under the 1933 Act, an amendment to such registration statement, including a form of final prospectus, necessary to permit such registration statement to become effective, a copy of which amendment has been furnished to and not objected to by the Underwriter prior to (or is agreed to by the Underwriter subsequent to) the execution of this Agreement. The Company will not file any amendment to the registration statement or any amended Preliminary Prospectus or any amendment thereto, of which you have not been previously furnished a copy or to which you or your counsel shall reasonably object. As used in this Agreement, the term "Registration Statement" means such registration statement, as amended at the time when it was or is declared effective under the 1933 Act, including (1) all financial schedules and exhibits thereto (2) all documents (or portions thereof) incorporated by reference therein filed under the 1934 Act, and (3) any information omitted therefrom pursuant to Rule 430A and included in the Prospectus (as hereinafter defined); the term "Preliminary Prospectus" means each prospectus subject to completion filed with such registration statement or any amendment thereto including all documents (or portions thereof) incorporated by reference therein under the 1934 Act (including the prospectus subject to completion, if any, included in the Registration Statement and each prospectus filed pursuant to Rule 424(a) under the 1933 Act); and the term "Prospectus" means the prospectus first filed with the Commission pursuant to Rule 424(b)(1) or (4) or, if no prospectus is required to be filed pursuant to Rule 424(b)(1) or (4), the prospectus included in the Registration Statement, in each case including the financial schedules and all documents (or portions thereof) incorporated by reference therein under the 1934 Act. The date on which the Registration Statement becomes effective is hereinafter referred to as the "Effective Date."

(iii) The documents incorporated by reference in the Preliminary Prospectus or Prospectus or from which information is so incorporated by reference, when they become effective or were filed with the Commission, as the case may be, complied in all material respects with the requirements of the 1934 Act and the 1934 Act Regulations, and when read together and with the other information in the Preliminary Prospectus or Prospectus, as the case may be, at the time the Registration Statement became or becomes effective and at the Closing Date and any Option Closing Date, did not or will not, as the case may be, contain an untrue

statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(iv) No order preventing or suspending the use of any Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) has been issued by the Commission, nor has the Commission, to the knowledge of the Company, threatened to issue such an order or instituted proceedings for that purpose. Each Preliminary Prospectus, at the time of filing thereof, (A) complied in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and (B) did not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty does not apply to statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by you expressly for inclusion in the Prospectus beneath the heading "Underwriting" (such information referred to herein as the "Underwriter's Information").

(v) At the Effective Date and at all times subsequent thereto, up to and including the Closing Date and, if applicable, the Option Closing Date, the Registration Statement and any post-effective amendment thereto (A) complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and (B) did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading. At the Effective Date and at all times when the Prospectus is required to be delivered in connection with offers and sales of Shares, including, without limitation, the Closing Date and, if applicable, the Option Closing Date, the Prospectus, as amended or supplemented, (A) complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and (B) did not contain and will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty does not apply to Underwriter's Information.

(vi) The Company is duly organized, validly existing and in good standing under the laws of the State of Michigan, with full corporate and other power and authority to own, lease and operate its properties and conduct its business as described in and contemplated by the Registration

Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) and as currently being conducted and is duly registered as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHC Act").

(vii) The Company has four subsidiaries. They are Independent Bank, Independent Bank West Michigan, Independent Bank South Michigan and Independent Bank East Michigan (the "Banks"). The Company does not own or control, directly or indirectly, more than 5% of any class of equity security of any corporation, association or other entity other than the Banks, Independent Title Services, Inc. and IBC Financial Services, Inc. Each of the Banks is a Michigan State Bank duly incorporated, validly existing and in good standing under the laws of Michigan. Each Bank has full corporate and other power and authority to own, lease and operate its properties and to conduct its business as described in and contemplated by the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) and as currently being conducted. Each Bank is a member of the Federal Reserve System, and no proceedings for the termination or revocation of such membership are pending or, to the knowledge of the Company, threatened. The deposit accounts of each Bank are insured by the Bank Insurance Fund administered by the Federal Deposit Insurance Corporation (the "FDIC") up to the maximum amount provided by law, except to the extent the Prospectus discloses such deposit accounts are insured by the Savings Association Insurance Fund administered by the FDIC ("SAIF") and to such extent the deposit accounts are so insured up to the maximum amount provided by law; and no proceedings for the modification, termination or revocation of any such insurance are pending or, to the knowledge of the Company, threatened.

(viii) Each of the Company and the Banks is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property or conducts its business so as to require such qualification and in which the failure to so qualify would, individually or in the aggregate, have a material adverse effect on the condition (financial or otherwise), earnings, business, prospects or results of operations of the Company and the Banks on a consolidated basis. All of the issued and outstanding shares of capital stock of the Banks (A) have been duly authorized and are validly issued, (B) are fully paid and nonassessable except to the extent such shares may be deemed assessable under 12 U.S.C. Section 55 or 12 U.S.C. Section 1831o, and (C) except as disclosed in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), are directly owned by the Company free and clear of any security interest, mortgage, pledge, lien, encumbrance,

restriction upon voting or transfer, preemptive rights, claim or equity. Except as disclosed in the Prospectus, there are no outstanding rights, warrants or options to acquire or instruments convertible into or exchangeable for any capital stock of the Company and the Banks.

(ix) The capital stock of the Company conforms to the description thereof contained in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus). The outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and nonassessable, and no such shares were issued in violation of the preemptive or similar rights of any security holder of the Company; no person has any preemptive or similar right to purchase any shares of capital stock of the Company. Except as disclosed in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), there are no outstanding rights, options or warrants to acquire any securities of the Company other than options issued under the Company's Incentive Share Grant Plan and Employee Stock Option Plan, and there are no outstanding securities convertible into or exchangeable for any such securities, and no restrictions upon the voting or transfer of any capital stock of the Company pursuant to the Company's corporate charter or by-laws or any agreement or other instrument to which the Company is a party or by which it is bound.

(x) The Company has all requisite corporate power and authority to issue, sell and deliver the Shares in accordance with and upon the terms and conditions set forth in this Agreement, the Certificate of Designations, the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus). All corporate action required to be taken by the Company for the authorization, issuance, sale and delivery of the Shares in accordance with such terms and conditions has been validly and sufficiently taken. The Shares, when delivered in accordance with this Agreement, will be duly and validly issued and outstanding, fully paid and nonassessable, will not be issued in violation of or subject to any preemptive or similar rights, and will conform to the description thereof in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) and the Certificate of Designations. None of the Shares, immediately prior to delivery, will be subject to any security interest, lien, mortgage, pledge, encumbrance, restriction upon voting or transfer, preemptive rights, claim, equity or other defect.

(xi) The Company and the Banks have complied in all material respects with all federal, state and local statutes, regulations, ordinances and rules applicable to the ownership and operation of their properties or the

conduct of their businesses as described in and contemplated by the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) and as currently being conducted.

(xii) The Company and the Banks have all material permits, easements, consents, licenses, franchises and other governmental and regulatory authorizations from all appropriate federal, state, local or other public authorities ("Permits") as are necessary to own and lease their properties and conduct their businesses in the manner described in and contemplated by the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) and as currently being conducted in all material respects. All such Permits are in full force and effect and each of the Company and the Banks are in all material respects complying therewith, and no event has occurred that allows, or after notice or lapse of time would allow, revocation or termination thereof or will result in any other material impairment of the rights of the holder of any such Permit, subject in each case to such qualification as may be adequately disclosed in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus). Such Permits contain no restrictions that would materially impair the ability of the Company or the Banks to conduct their businesses in the manner consistent with their past practices. Neither the Company nor the Banks have received notice or otherwise has knowledge of any proceeding or action relating to the revocation or modification of any such Permit.

(xiii) Neither the Company nor any of the Banks is in breach or violation of their corporate charter (including without limitation, the Certificate of Designations), by-laws or other governing documents. Neither the Company nor the Banks are, and to the knowledge of the Company no other party is, in violation, breach or default (with or without notice or lapse of time or both) in the performance or observance of any term, covenant, agreement, obligation, representation, warranty or condition contained in (A) any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease, franchise, license, Permit or any other agreement or instrument to which it is a party or by which it or any of its properties may be bound, which such breach, violation or default could have material adverse consequences to the Company and the Banks on a consolidated basis, and to its knowledge, no other party has asserted that the Company or any of the Banks is in such violation, breach or default (provided that the foregoing shall not apply to defaults by borrowers from the Banks), or (B) except as disclosed in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), any order, decree, judgment, rule or regulation of any court, arbitrator, government, or

governmental agency or instrumentality, domestic or foreign, having jurisdiction over the Company or the Banks or any of their respective properties the breach, violation or default of which could have a material adverse effect on the condition, financial or otherwise, earnings, affairs, business, prospects, or results of operations of the Company and the Banks on a consolidated basis.

(xiv) The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, the Certificate of Designations, the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) do not and will not conflict with, result in the creation or imposition of any material lien, claim, charge, encumbrance or restriction upon any property or assets of the Company or the Banks or the Shares pursuant to, constitute a breach or violation of, or constitute a default under, with or without notice or lapse of time or both, any of the terms, provisions or conditions of the charter (including without limitation, the Certificate of Designations) or by-laws of the Company or the Banks, any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease, franchise, license, Permit or any other agreement or instrument to which the Company or the Banks is a party or by which either of them or any of their respective properties may be bound or any order, decree, judgment, rule or regulation of any court, arbitrator, government, or governmental agency or instrumentality, domestic or foreign, having jurisdiction over the Company or the Bank or any of their respective properties which conflict, creation, imposition, breach, violation or default would have either singly or in the aggregate a material adverse effect on the condition, financial or otherwise, earnings, affairs, business, prospects or results of operations of the Company and the Banks on a consolidated basis. No authorization, approval, consent or order of, or filing, registration or qualification with, any person (including, without limitation, any court, governmental body or authority) is required in connection with the transactions contemplated by this Agreement, the Certificate of Designations, the Registration Statement and the Prospectus (or such Preliminary Prospectus), except such as may be required under the 1933 Act, and such as may be required under state securities laws in connection with the purchase and distribution of the Shares by the Underwriter. No authorization, approval, consent or order of or filing, registration or qualification with, any person (including, without limitation, any court, governmental body or authority) is required in connection with the transactions contemplated by this Agreement, the Certificate of Designations, the Registration Statement and the Prospectus, except such as have been obtained under the 1933 Act, and such as may be required under state securities laws or Interpretations or Rules of the National

Association of Securities Dealers, Inc. ("NASD") in connection with the purchase and distribution of the Shares by the Underwriter.

(xv) The Company has all requisite corporate power and authority to enter into this Agreement and this Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes the legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by general principles of equity and by bankruptcy or other laws relating to or affecting creditors' rights generally and except as any indemnification or contribution provisions thereof may be limited under applicable securities laws.

(xvi) The Company and the Banks have good and marketable title in fee simple to all real property and good title to all personal property owned by them and material to their business, in each case free and clear of all security interests, liens, mortgages, pledges, encumbrances, restrictions, claims, equities and other defects except such as are referred to in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) or such as do not materially affect the value of such property in the aggregate and do not materially interfere with the use made or proposed to be made of such property; and all of the leases under which the Company or the Banks hold real or personal property are valid, existing and enforceable leases and in full force and effect with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real or personal property, and neither the Company nor the Banks is in default in any material respect of any of the terms or provisions of any leases.

(xvii) KPMG Peat Marwick LLP, who have certified certain of the consolidated financial statements of the Company and the Banks including the notes thereto, included in the Registration Statement and Prospectus, are independent public accountants with respect to the Company and the Banks, as required by the 1933 Act and the 1933 Act Regulations.

(xviii) The consolidated financial statements including the notes thereto, included in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) with respect to the Company and the Banks comply in all material respects with the 1933 Act and the 1933 Act Regulations and present fairly the consolidated financial position of the Company and the Banks as of the dates indicated and the consolidated results of operations, cash flows and stockholders' equity of the Company and the Banks for the periods specified

and have been prepared in conformity with generally accepted accounting principles applied on a consistent basis. The selected and summary consolidated financial data concerning the Company and the Banks included in the Registration Statement and the Prospectus (or such Preliminary Prospectus) comply in all material respects with the 1933 Act and the 1933 Act Regulations, present fairly the information set forth therein, and have been compiled on a basis consistent with that of the consolidated financial statements of the Company and the Banks in the Registration Statement and the Prospectus (or such Preliminary Prospectus). The other financial, statistical and numerical information included in the Registration Statement and the Prospectus (or such Preliminary Prospectus) comply in all material respects with the 1933 Act and the 1933 Act Regulations, present fairly the information shown therein, and to the extent applicable have been compiled on a basis consistent with the consolidated financial statements of the Company and the Banks included in the Registration Statement and the Prospectus (or such Preliminary Prospectus).

(xix) Since the respective dates as of which information is given in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), except as otherwise stated therein:

(A) neither the Company nor any of the Banks have sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree which is material to the condition (financial or otherwise), earnings, business, prospects or results of operations of the Company and the Banks on a consolidated basis;

(B) there has not been any material adverse change in, or any development which is reasonably likely to have a material adverse effect on, the condition (financial or otherwise), earnings, business, prospects or results of operations of the Company and the Banks on a consolidated basis, whether or not arising in the ordinary course of business;

(C) neither the Company nor any of the Banks have incurred any liabilities or obligations, direct or contingent, or entered into any material transactions, other than in the ordinary course of business which is material to the condition (financial or otherwise), earnings, business, prospects or results of operations of the Company and the Banks on a consolidated basis;

(D) the Company has not declared or paid any dividend, and neither the Company nor any of the Banks have become delinquent in the payment of principal or interest on any outstanding borrowings; and

(E) there has not been any change in the capital stock (except for the exercise of employee stock options issued under the Company's Incentive Share Grant Plan and Employee Stock Option Plan, and disclosed as outstanding), long-term debt, obligations under capital leases or, other than in the ordinary course of business, short-term borrowings of the Company or the Banks.

(xx) Except as set forth in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), no charge, investigation, action, suit or proceeding is pending or, to the knowledge of the Company, threatened, against or affecting the Company or the Banks or any of their respective properties before or by any court or any regulatory, administrative or governmental official, commission, board, agency or other authority or body, or any arbitrator, wherein an unfavorable decision, ruling or finding could have a material adverse effect on the consummation of this Agreement or the transactions contemplated herein or the condition (financial or otherwise), earnings, affairs, business, prospects or results of operations of the Company and the Banks on a consolidated basis or which is required to be disclosed in the Registration Statement or the Prospectus (or such Preliminary Prospectus) and is not so disclosed.

(xxi) There are no contracts or other documents required to be filed as exhibits to the Registration Statement by the 1933 Act or the 1933 Act Regulations which have not been filed as exhibits to the Registration Statement, or that are required to be summarized in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) that are not so summarized.

(xxii) The Company has not taken, directly or indirectly, any action designed to result in or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares, and the Company is not aware of any such action taken or to be taken by any affiliate of the Company.

(xxiii) The Company and the Banks own, or possess adequate rights to use, all patents, copyrights, trademarks, service marks, trade names and other rights necessary to conduct the businesses now conducted

by them in all material respects or as described in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) and neither the Company nor the Banks have received any notice of infringement or conflict with asserted rights of others with respect to any patents, copyrights, trademarks, service marks, trade names or other rights which, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the condition (financial or otherwise), earnings, affairs, business, prospects or results of operations of the Company and the Banks on a consolidated basis, and the Company does not know of any basis for any such infringement or conflict.

(xxiv) Except as adequately disclosed in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), no labor dispute involving the Company or the Banks exists or, to the knowledge of the Company, is imminent which might be expected to have a material adverse effect on the condition (financial or otherwise), earnings, affairs, business, prospects or results of operations of the Company and the Banks on a consolidated basis or which is required to be disclosed in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus). Neither the Company nor the Banks have received notice of any existing or threatened labor dispute by the employees of any of its principal suppliers, customers or contractors which might be expected to have a material adverse effect on the condition (financial or otherwise), earnings, affairs, business, prospects or results of operations of the Company and the Banks on a consolidated basis.

(xxv) The Company and the Banks have timely and properly prepared and filed all necessary federal, state, local and foreign tax returns which are required to be filed and have paid all taxes shown as due thereon and have paid all other taxes and assessments to the extent that the same shall have become due, except such as are being contested in good faith or where the failure to so timely and properly prepare and file would not have a material adverse effect on the condition (financial or otherwise), earnings, affairs, business, prospects or results of operations of the Company and the Banks on a consolidated basis. The Company has no knowledge of any tax deficiency which has been or might be assessed against the Company or the Banks which, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the condition (financial or otherwise), earnings, affairs, business, prospects or results of operations of the Company and the Banks on a consolidated basis.

(xxvi) Each of the material contracts, agreements and instruments described or referred to in the Registration Statement or the Prospectus (or, if the Prospectus is not in existence, the most recent

Preliminary Prospectus) and each contract, agreement and instrument filed as an exhibit to the Registration Statement is in full force and effect and is the legal, valid and binding agreement of the Company or the Banks, enforceable in accordance with its terms, except as the enforcement thereof may be limited by general principles of equity and by bankruptcy or other laws relating to or affecting creditors' rights generally. Except as disclosed in the Prospectus (or such Preliminary Prospectus), to the knowledge of the Company, no other party to any such agreement is (with or without notice or lapse of time or both) in breach or default in any material respect thereunder.

(xxvii) No relationship, direct or indirect, exists between or among the Company or the Banks, on the one hand, and the directors, officers, stockholders, customers or suppliers of the Company or the Banks, on the other hand, which is required to be described in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) which is not adequately described therein.

(xxviii) No person has the right to request or require the Company or the Banks to register any securities for offering and sale under the 1933 Act by reason of the filing of the Registration Statement with the Commission or the issuance and sale of the Shares except as adequately disclosed in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus).

(xxix) The Depositary Shares have been approved for quotation on the Nasdaq National Market subject to official notice of issuance.

(xxx) Except as described in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), there are no contractual encumbrances or restrictions or material legal restrictions, on the ability of the Banks (A) to pay dividends or make any other distributions on its capital stock or to pay any indebtedness owed to the Company, (B) to make any loans or advances to, or investments in, the Company or (C) to transfer any of its property or assets to the Company.

(xxxi) The Company is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(xxxii) The Company has not distributed and will not distribute prior to the Closing Date any prospectus in connection with the Offering, other than a Preliminary Prospectus, the Prospectus, the Registration Statement and the other materials permitted by the 1933 Act and the 1933

Act Regulations and reviewed by the Underwriter.

3. OFFERING BY THE UNDERWRITER. After the Registration Statement becomes effective or, if the Registration Statement is already effective, after this Agreement becomes effective, the Underwriter proposes to offer the Firm Shares for sale to the public upon the terms and conditions set forth in the Prospectus. The Underwriter may from time to time thereafter reduce the public offering price and change the other selling terms, provided the proceeds to the Company shall not be reduced as a result of such reduction or change.

The Underwriter may reserve and sell such of the Shares purchased by the Underwriter as the Underwriter may elect to dealers chosen by it (the "Selected Dealers") at the public offering price set forth in the Prospectus less the applicable Selected Dealers' concessions set forth therein, for re-offering by Selected Dealers to the public at the public offering price. The Underwriter may allow, and Selected Dealers may re-allow, a concession set forth in the Prospectus to certain other brokers and dealers.

4. CERTAIN COVENANTS OF THE COMPANY. The Company covenants with the Underwriter as follows:

(a) The Company shall use its best efforts to cause the Registration Statement and any amendments thereto, if not effective at the time of execution of this Agreement, to become effective as promptly as possible. If the Registration Statement has become or becomes effective pursuant to Rule 430A and information has been omitted therefrom in reliance on Rule 430A, then, the Company will prepare and file in accordance with Rule 430A and Rule 424(b) copies of the Prospectus or, if required by Rule 430A, a post-effective amendment to the Registration Statement (including the Prospectus) containing all information so omitted and will provide evidence satisfactory to the Underwriter of such timely filing.

(b) The Company shall notify you immediately, and confirm such notice in writing:

(i) when the Registration Statement, or any post-effective amendment to the Registration Statement, has become effective, or when the Prospectus or any supplement to the Prospectus or any amended Prospectus has been filed;

(ii) of the receipt of any comments or requests from the Commission;

(iii) of any request of the Commission to amend or

supplement the Registration Statement, any Preliminary Prospectus or the Prospectus or for additional information; and

(iv) of the issuance by the Commission or any state or other regulatory body of any stop order or other order suspending the effectiveness of the Registration Statement, preventing or suspending the use of any Preliminary Prospectus or the Prospectus, or suspending the qualification of any of the Shares for offering or sale in any jurisdiction or the institution or threat of institution of any proceedings for any of such purposes. The Company shall use its best efforts to prevent the issuance of any such stop order or of any other such order and if any such order is issued, to cause such order to be withdrawn or lifted as soon as possible.

(c) The Company shall furnish to you, from time to time without charge, as soon as available, as many copies as you may reasonably request of (i) the registration statement as originally filed and of all amendments thereto, in executed form, including exhibits, whether filed before or after the Registration Statement becomes effective, (ii) all exhibits and documents incorporated therein or filed therewith, (iii) all consents and certificates of experts in executed form, (iv) each Preliminary Prospectus and all amendments and supplements thereto, and (v) the Prospectus, and all amendments and supplements thereto.

(d) During the time when a prospectus is required to be delivered under the 1933 Act, the Company shall comply to the best of its ability with the 1933 Act and the 1933 Act Regulations and the 1934 Act and the 1934 Act Regulations so as to permit the completion of the distribution of the Shares as contemplated herein and in the Prospectus. The Company shall not file any amendment to the registration statement as originally filed or to the Registration Statement and shall not file any amendment thereto or make any amendment or supplement to any Preliminary Prospectus or to the Prospectus of which you shall not previously have been advised in writing and provided a copy a reasonable time prior to the proposed filings thereof or to which you shall reasonably object. If it is necessary, in your reasonable opinion or in the reasonable opinion of your counsel to amend or supplement the Registration Statement or the Prospectus in connection with the distribution of the Shares, the Company shall forthwith amend or supplement the Registration Statement or the Prospectus, as the case may be, by preparing and filing with the Commission, and furnishing to you, such number of copies as you may reasonably request of an amendment or amendments of, or a supplement or supplements to, the Registration Statement or the Prospectus, as the case may be (in form and substance reasonably satisfactory to you and your counsel. If any event shall occur as a result of which it is necessary to amend or supplement the Prospectus to correct an untrue statement of a material fact or to include a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if for any reason it

is necessary at any time to amend or supplement the Prospectus to comply with the 1933 Act and the 1933 Act Regulations, the Company shall, subject to the second sentence of this subsection (d), forthwith amend or supplement the Prospectus by preparing and filing with the Commission, and furnishing to you, such number of copies as you may reasonably request of an amendment or amendments of, or a supplement or supplements to, the Prospectus (in form and substance satisfactory to you and your counsel so that, as so amended or supplemented, the Prospectus shall not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(e) The Company shall cooperate with you and your counsel in order to qualify the Shares for offering and sale under the securities or blue sky laws of such jurisdictions as you may reasonably request and shall continue such qualifications in effect so long as may be advisable for distribution of the Shares; provided, however, that the Company shall not be required to qualify to do business as a foreign corporation or file a general consent to service of process in any jurisdiction in connection with the foregoing. The Company shall file such statements and reports as may be required by the laws of each jurisdiction in which the Shares have been qualified as above. The Company will notify you immediately of, and confirm in writing, the suspension of qualification of the Shares or threat thereof in any jurisdiction.

(f) The Company shall make generally available to its security holders in the manner contemplated by Rule 158 of the 1933 Act Regulations and furnish to you as soon as practicable, but in any event not later than 16 months after the Effective Date, a consolidated earnings statement of the Company conforming with the requirements of Section 11(a) of the 1933 Act and Rule 158.

(g) The Company shall use the net proceeds from the sale of the Shares to be sold by the Company hereunder in the manner specified in the Prospectus under the caption "Use of Proceeds."

(h) For five years from the Effective Date, the Company shall furnish to the Underwriter copies of all reports and communications (financial or otherwise) furnished by the Company to the holders of the Depositary Shares as a class, copies of all reports and financial statements filed with or furnished to the Commission (other than portions for which confidential treatment has been obtained from the Commission) or with any national securities exchange or the Nasdaq National Market and such other documents, reports and information concerning the business and financial condition of the Company as the Underwriter may reasonably request, other than such documents, reports and information for which the Company has the legal obligation not to reveal to the Underwriter.

(i) For a period of 180 days from the date hereof, the Company shall not, directly or indirectly, offer for sale, sell or agree to sell or otherwise dispose of any shares of the common stock securities convertible into, exercisable or exchangeable for, or that are the economic or voting equivalent of, any such shares of common stock, or announce the offering of, or register with the Commission, any shares of common stock or such other securities, without your prior written consent.

(j) The Company shall use its best efforts to cause the Depository Shares to become quoted on the Nasdaq National Market, or in lieu thereof a national securities exchange, and to remain so quoted for at least five years from the Effective Date or for such shorter period as may be specified in a written consent of the Underwriter, provided this shall not prevent the Company from redeeming the Depository Shares pursuant to the terms of the Certificate of Designations.

(k) Subsequent to the date of this Agreement and through the date which is the later of (i) the day following the date on which the Underwriter's option to purchase the Option Shares shall expire or (ii) the day following the Option Closing Date with respect to any Option Shares that the Underwriter shall elect to purchase, except as described in or contemplated by the Prospectus, neither the Company nor the Banks shall take any action (or refrain from taking any action) which will result in the Company or the Banks incurring any material liability or obligation, direct or contingent, or enter into any material transaction, except in the ordinary course of business, and there will not be any material change in the financial position, capital stock, or any material increase in long-term debt, obligations under capital leases or short-term borrowings of the Company and the Banks on a consolidated basis.

(l) The Company shall not, for a period of 180 days after the date hereof, without the prior written consent of the Underwriter, purchase, redeem or call for redemption, or prepay or give notice of prepayment (or announce any redemption or call for redemption, or any repayment or notice of prepayment) of any of the Company's securities, provided that the foregoing shall not prevent an employee from delivering the Company's securities in payment of the exercise price of options issued under the Company's Incentive Share Grant Plan and Employee Stock Option Plan.

(m) The Company shall not take, directly or indirectly, any action designed to result in or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares and the Company is not aware of any such action taken or to be taken by any affiliate of the Company.

(n) Prior to the Closing Date (and, if applicable, the Option Closing Date), the Company will not issue any press release or other communication directly or indirectly or hold any press conference with respect to the Company, the Banks or the offering of the Shares (the "Offering") without your prior written consent which will not be unreasonably withheld.

5. PAYMENT OF EXPENSES. Whether or not this Agreement is terminated or the sale of the Shares to the Underwriter is consummated, the Company covenants and agrees that it will pay or cause to be paid (directly or by reimbursement) all costs and expenses incident to the performance of the obligations of the Company under this Agreement, including:

(a) the preparation, printing, filing, delivery and shipping of the initial registration statement, the Preliminary Prospectus or Prospectuses, the Registration Statement and the Prospectus and any amendments or supplements thereto, and the printing, delivery and shipping of this Agreement and any other underwriting documents (including, without limitation, selected dealers agreements), the certificates for the Shares and the Preliminary and Final Blue Sky Memoranda and any legal investment surveys and any supplements thereto;

(b) all fees, expenses and disbursements of the Company's counsel and accountants;

(c) all fees and expenses incurred in connection with the qualification of the Shares under the securities or blue sky laws of such jurisdictions as you may request, including all filing fees and fees and disbursements of counsel for the Underwriter in connection therewith, including, without limitation, in connection with the preparation of the Preliminary and Final Blue Sky Memoranda and any legal investment surveys and any supplements thereto;

(d) all fees and expenses incurred in connection with filings made with the NASD;

(e) any applicable fees and other expenses incurred in connection with the listing of the Shares on the Nasdaq National Market;

(f) the cost of furnishing to you copies of the initial registration statements, any Preliminary Prospectus, the Registration Statement and the Prospectus and all amendments or supplements thereto;

(g) the costs and charges of any transfer agent or registrar and the fees and disbursements of counsel for any transfer agent or registrar;

(h) all costs and expenses (including stock transfer taxes) incurred in connection with the printing, issuance and delivery of the Shares to the Underwriter; and

(i) all other costs and expenses incident to the performance of the obligations of the Company hereunder and under the Certificate of Designations that are not otherwise specifically provided for in this Section 5.

If the sale of Shares contemplated by this Agreement is not completed for any reason whatsoever, including without limitation if this Agreement is terminated by the Company or by you for any reason whatsoever, whether or not such termination is allowable hereunder, the Company will pay you your accountable out-of-pocket expenses in connection herewith or in contemplation of the performance of your obligations hereunder, including without limitation travel expenses, reasonable fees, expenses and disbursements of counsel or other out-of-pocket expenses incurred by you in connection with any discussion of the Offering or the contents of the Registration Statement, any investigation of the Company and the Banks, or any preparation for the marketing, purchase, sale or delivery of the Shares, in each case following presentation of reasonably detailed invoices therefor.

If the sale of Shares contemplated by this Agreement is completed, the Company shall not be responsible for payment of fees or disbursements of counsel for the Underwriter other than in accordance with paragraph (c) above, or for the reimbursement of any expenses of the Underwriter.

6. CONDITIONS OF THE UNDERWRITER' OBLIGATIONS. The obligations of the Underwriter to purchase and pay for the Firm Shares and, following exercise of the option granted by the Company in Section 1 of this Agreement, the Option Shares, are subject, in your sole discretion, to the accuracy of and compliance with the representations and warranties and agreements of the Company herein as of the date hereof and as of the Closing Date (or in the case of the Option Shares, if any, as of the Option Closing Date), to the accuracy of the written statements of the Company made pursuant to the provisions hereof, to the performance by the Company of its covenants and obligations hereunder and to the following additional conditions:

(a) If the Registration Statement or any amendment thereto filed prior to the Closing Date has not been declared effective prior to the time of execution hereof, the Registration Statement shall become effective not later than 10:00 a.m., St. Louis time, on the first business day following the time of execution of this Agreement, or at such later time and date as you may agree to in writing. If required, the Prospectus and any amendment or supplement thereto shall have been timely filed in accordance with Rule 424(b) and Rule 430A under

the 1933 Act and Section 4(a) hereof. No stop order suspending the effectiveness of the Registration Statement or any amendment or supplement thereto shall have been issued under the 1933 Act or any applicable state securities laws and no proceedings for that purpose shall have been instituted or shall be pending, or, to the knowledge of the Company or the Underwriter, shall be contemplated by the Commission or any state authority. Any request on the part of the Commission or any state authority for additional information (to be included in the Registration Statement or Prospectus or otherwise) shall have been disclosed to you and complied with to your satisfaction and to the satisfaction of your counsel.

(b) The Underwriter shall not have advised the Company at or before the Closing Date (and, if applicable, the Option Closing Date) that the Registration Statement or any post-effective amendment thereto, or the Prospectus or any amendment or supplement thereto, contains an untrue statement of a fact which, in your opinion, is material or omits to state a fact which, in your opinion, is material and is required to be stated therein or is necessary to make statements therein (in the case of the Prospectus or any amendment or supplement thereto, in light of the circumstances under which they were made) not misleading.

(c) All corporate proceedings and other legal matters incident to the authorization, form and validity of this Agreement, the Certificate of Designations, the Depositary Shares, the Preferred Stock and the Shares, and the authorization and form of the Registration Statement and Prospectus, other than financial statements and other financial data, and all other legal matters relating to this Agreement and the transactions contemplated hereby or by the Certificate of Designations shall be satisfactory in all respects to your counsel, and the Company and the Banks shall have furnished to such counsel all documents and information relating thereto that they may reasonably request to enable them to pass upon such matters.

(d) Varnum, Riddering Schmidt & Howlett LLP, counsel for the Company, shall have furnished to you their signed opinion, dated the Closing Date or the Option Closing Date, as the case may be, in form and substance satisfactory to your counsel, to the effect that:

(i) The Company has been duly incorporated and is validly existing and in good standing under the laws of the State of Michigan, and is duly registered as a bank holding company under the BHC Act. Each of the Banks is a state banking corporation duly incorporated, validly existing and in good standing under the laws of Michigan. Each of the Banks is a member of the Federal Reserve System, and to the knowledge of such counsel no proceedings for the termination or revocation of such membership are pending or threatened. The deposit accounts of the Banks are insured by the FDIC up to the maximum amount provided by law, except

to the extent the Prospectus discloses such deposit accounts are insured by SAIF and to such extent the deposit accounts are so insured up to the maximum amount provided by law; and to the knowledge of such counsel no proceedings for the termination or revocation of any such insurance or such membership are pending or threatened. Each of the Company and the Banks has full corporate power and authority to own or lease its properties and to conduct its business as such business is described in the Prospectus and is currently conducted in all material respects. All outstanding shares of capital stock of the Banks have been duly authorized and validly issued and are fully paid and nonassessable except to the extent such shares may be deemed assessable under 12 U.S.C. Section 55 or 12 U.S.C. Section 1831o and, to the best of such counsel's knowledge, except as disclosed in the Prospectus, there are no outstanding rights, options or warrants to purchase any such shares or securities convertible into or exchangeable for any such shares.

(ii) The capital stock of the Company conforms to the description thereof contained in the Prospectus in all material respects. The capital stock of the Company authorized to be issued as of September 30, 1996 is as set forth under the caption "Capitalization" in the Prospectus, has been duly authorized and validly issued, is fully paid and nonassessable. The form of certificates to evidence the Depositary Shares and Preferred Stock have been approved by the Board of Directors and is in due and proper form and complies with all applicable requirements. To the best of such counsel's knowledge there are no outstanding rights, options or warrants to purchase, no other outstanding securities convertible into or exchangeable for, and no commitments, plans or arrangements to issue, any shares of capital stock of the Company, except as described in the Prospectus.

(iii) The Company has all requisite corporate power and authority to issue, sell and deliver the Shares in accordance with and upon the terms and conditions set forth in this Agreement, the Certificate of Designations, and in the Registration Statement and the Prospectus. All corporate action required to be taken by the Company for the authorization, issuance, sale and delivery of the Shares in accordance with such terms and conditions has been validly and sufficiently taken. All of the Shares have been duly and validly authorized and, when delivered in accordance with this Agreement will be duly and validly issued, fully paid and nonassessable, and will conform to the description thereof in the Registration Statement, the Prospectus and the Certificate of Designations. The Depositary Shares have been approved for quotation on the Nasdaq National Market subject to official notice of issuance. There are no preemptive or other rights to subscribe for or to purchase, and other than as disclosed in the Prospectus

no restrictions upon the voting or transfer of, any shares of capital stock of the Company or the Banks pursuant to the corporate charter (including without limitation, the Certificate of Designations), by-laws or other governing documents of the Company or the Banks, or, to the best of such counsel's knowledge any agreement or other instrument to which the Company or the Banks is a party or by which the Company or the Banks may be bound.

(iv) The Company has all requisite corporate power to enter into and perform its obligations under this Agreement and the Certificate of Designations, and this Agreement and the Certificate of Designations have been duly and validly authorized, executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company enforceable in accordance with their terms, except as the enforcement hereof or thereof may be limited by general principles of equity and by bankruptcy or other laws relating to or affecting creditors' rights generally, and except as the indemnification and contribution provisions hereof may be limited under applicable laws and certain remedies may not be available in the case of a non-material breach.

(v) To the best knowledge of such counsel's knowledge neither the Company nor any of the Banks is in breach or violation of, or default under, with or without notice or lapse of time or both, its corporate charter (including without limitation, the Certificate of Designations) or by-laws. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, and the Certificate of Designations do not and will not conflict with, result in the creation or imposition of any material lien, claim, charge, encumbrance or restriction upon any property or assets of the Company or the Banks or the Depositary Shares or Shares pursuant to, or constitute a material breach or violation of, or constitute a material default under, with or without notice or lapse of time or both, any of the terms, provisions or conditions of the charter (including without limitation, the Certificate of Designations) or by-laws of the Company or the Banks, or to the best of such counsel's knowledge, any material contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease, franchise, license or any other agreement or instrument to which the Company the Banks is a party or by which either of them or any of their respective properties may be bound or any order, decree, judgment, franchise, license, Permit, rule or regulation of any court, arbitrator, government, or governmental agency or instrumentality, domestic or foreign, known to such counsel having jurisdiction over the Company or the Banks or any of their respective properties which, in each case, is material to the Company and its subsidiaries on a consolidated basis. No authorization, approval, consent or order of, or filing, registration or

qualification with, any person (including, without limitation, any court, governmental body or authority) is required under Michigan law in connection with the transactions contemplated by this Agreement except as may be required under Oklahoma securities laws in connection with the purchase and distribution of the Shares by the Underwriters.

(vi) To the best of such counsel's knowledge holders of securities of the Company either do not have any right that, if exercised, would require the Company to cause such securities to be included in the Registration Statement or have waived such right. To the best of such counsel's knowledge neither the Company nor any of the Banks is a party to any agreement or other instrument which grants rights for or relating to the registration of any securities of the Company.

(vii) Except as set forth in the Registration Statement and the Prospectus, to the best of such counsel's knowledge no action, suit or proceeding at law or in equity is pending or threatened in writing to which the Company or the Banks is or may be a party, and no action, suit or proceeding is pending or threatened in writing against or affecting the Company or the Banks or any of their properties before or by any court or governmental official, commission, board or other administrative agency, authority or body, or any arbitrator, wherein an unfavorable decision, ruling or finding could have a material adverse effect on the consummation of this Agreement or the issuance and sale of the Shares as contemplated herein or the condition (financial or otherwise), earnings, affairs, business, or results of operations of the Company and the Banks on a consolidated basis or which is required to be disclosed in the Registration Statement or the Prospectus and is not so disclosed.

(viii) No authorization, approval, consent or order of or filing, registration or qualification with, any person (including, without limitation, any court, governmental body or authority) is required in connection with the transactions contemplated by this Agreement, the Certificate of Designations, the Registration Statement and the Prospectus, except such as have been obtained under the 1933 Act, and such as may be required under state securities laws or Interpretations or Rules of the NASD in connection with the purchase and distribution of the Shares by the Underwriter.

(ix) The Registration Statement and the Prospectus and any amendments or supplements thereto (other than the financial statements or other financial data included therein or omitted therefrom and Underwriter's Information, as to which such counsel need express no opinion) comply as to form in all material respects with the requirements of the 1933 Act and

the 1933 Act Regulations as of their respective dates of effectiveness.

(x) To the best of such counsel's knowledge, there are no contracts, agreements, leases or other documents of a character required to be disclosed in the Registration Statement or Prospectus or to be filed as exhibits to the Registration Statement that are not so disclosed or filed.

(xi) The statements under the captions "Description of Capital Stock" and "Supervision and Regulation" in the Prospectus and in Item 14 of Part II of the Registration Statement, insofar as such statements constitute a summary of legal and regulatory matters, documents or proceedings referred to therein are accurate in all material respects and fairly present the information called for with respect to such legal matters, documents and proceedings.

(xii) Such counsel has been advised by the staff of the Commission that the Registration Statement has become effective under the 1933 Act; any required filing of the Prospectus pursuant to Rule 424(b) has been made within the time period required by Rule 424(b); to the best of such counsel's knowledge no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for a stop order are pending or threatened by the Commission.

(xiii) Except as set forth in the Prospectus, to the best of such counsel's knowledge there are no contractual encumbrances or restrictions, or material legal restrictions on the ability of the Banks (A) to pay dividends or make any other distributions on its capital stock or to pay indebtedness owed to the Company, (B) to make any loans or advances to, or investments in, the Company or (C) to transfer any of its property or assets to the Company.

(xiv) To the best of such counsel's knowledge (A) the business and operations of the Company and the Banks comply in all material respects with all statutes, ordinances, laws, rules and regulations applicable thereto and which are material to the Company and the Banks on a consolidated basis, except in those instances where non-compliance would not materially impair the ability of the Company and the Banks to conduct their business; and (B) the Company and the Banks possess and are operating in all material respects in compliance with the terms, provisions and conditions of all permits, consents, licenses, franchises and governmental and regulatory authorizations ("Permits") and required to conduct their businesses as described in the Prospectus and which are material to the Company and the Banks on a consolidated basis, except in those instances where the loss thereof or non-compliance therewith would

not have a material adverse effect on the condition (financial or otherwise), earnings, affairs, business, prospects or results of operations of the Company and the Banks on a consolidated basis; to the best of such counsel's knowledge all such Permits are valid and in full force and effect, and to the best of such counsel's knowledge no action, suit or proceeding is pending or threatened which may lead to the revocation, termination, suspension or non-renewal of any such Permit, except in those instances where the loss thereof or non-compliance therewith would not materially impair the ability of the Company or the Banks to conduct their businesses.

In giving the above opinion, such counsel may state that, insofar as such opinion involves factual matters, they have relied upon certificates of officers of the Company including, without limitation, certificates as to the identity of any and all material contracts, indentures, mortgages, deeds of trust, loans or credit agreements, notes, leases, franchises, licenses or other agreements or instruments, and all material permits, easements, consents, licenses, franchises and government regulatory authorizations, for purposes of paragraphs (v), (x) and (xiv) hereof and certificates of public officials.

Such counsel shall also confirm that, in connection with the preparation of the Registration Statement and Prospectus, such counsel has participated in conferences with officers and representatives of the Company and with its independent public accountants and with you and your counsel, at which conferences such counsel made inquiries of such officers, representatives and accountants and discussed in detail the contents of the Registration Statement and Prospectus and such counsel has no reason to believe (A) that the Registration Statement or any amendment thereto (except for the financial statements included therein or omitted therefrom Underwriter's Information, as to which such counsel need express no opinion), at the time the Registration Statement or any such amendment became effective, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading or (B) that the Prospectus or any amendment or supplement thereto (except for the financial statements included therein or omitted therefrom Underwriter's Information, as to which such counsel need express no opinion), at the time the Registration Statement became effective (or, if the term "Prospectus" refers to the prospectus first filed pursuant to Rule 424(b) of the 1933 Act Regulations, at the time the Prospectus was issued), at the time any such amended or supplemented Prospectus was issued, at the Closing Date and, if applicable, the Option Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, not misleading or (C) that there is any amendment to the Registration Statement required to be filed that has not already been filed.

(f) Bryan Cave LLP, counsel for the Underwriter, shall have furnished you their signed opinion, dated the Closing Date or the Option Closing Date, as the case may be, with respect to the incorporation of the Company, the validity of the Shares, the Registration Statement, the Prospectus and such other related matters as you may reasonably request and there shall have been furnished to such counsel such documents and other information as they may request to enable them to pass on such matters. In giving such opinion, Bryan Cave LLP may rely as to matters of fact upon statements and certifications of officers of the Company and of other appropriate persons and may rely as to matters of law, other than law of the United States and the State of Missouri, and upon the opinion of Varnum, Riddering Schmidt & Howlett LLP described herein.

(g) On the date of this Agreement and on the Closing Date (and, if applicable, any Option Closing Date), the Underwriter shall have received from KPMG Peat Marwick LLP a letter, dated the date of this Agreement and the Closing Date (and, if applicable, the Option Closing Date), respectively, in form and substance satisfactory to the Underwriter, confirming that they are independent public accountants with respect to the Company and the Banks, within the meaning of the 1933 Act and the 1933 Act Regulations, and stating in effect that:

(i) In their opinion, the consolidated financial statements of the Company and the Banks audited by them and included in the Registration Statement comply as to form in all material respects with the applicable accounting requirements of the 1933 Act and the 1933 Act Regulations.

(ii) On the basis of the procedures specified by the American Institute of Certified Public Accountants as described in SAS No. 71, "Interim Financial Information", inquiries of officials of the Company and the Banks responsible for financial and accounting matters, and such other inquiries and procedures as may be specified in such letter, which procedures do not constitute an audit in accordance with U.S. generally accepted auditing standards, nothing came to their attention that caused them to believe that, if applicable, the unaudited interim consolidated financial statements of the Company and the Banks included in the Registration Statement do not comply as to form in all material respects with the applicable accounting requirements of the 1933 Act and 1933 Act Regulations or are not in conformity with U.S. generally accepted accounting principles applied on a basis substantially consistent with the basis for the audited consolidated financial statements of the Company and the Banks included in the Registration Statement.

(iii) On the basis of limited procedures, not constituting an

audit in accordance with U.S. generally accepted auditing standards, consisting of a reading of the unaudited interim financial statements and other information referred to below, a reading of the latest available unaudited condensed consolidated financial statements of the Company and the Banks, inspection of the minute books of the Company and the Banks since the date of the latest audited financial statements of the Company and the Banks included in the Registration Statement, inquiries of officials of the Company and the Banks responsible for financial and accounting matters and such other inquiries and procedures as may be specified in such letter, nothing came to their attention that caused them to believe that:

(A) as of a specified date not more than five days prior to the date of such letter, there have been any changes in the consolidated capital stock, allowance for loan losses, or net loans receivable of the Company and the Banks, any increase in the consolidated long-term debt, short-term borrowings, obligations under capital leases or real estate owned by the Company and the Banks, any decreases in consolidated total assets or shareholders equity of the Company and the Banks, or any changes, decreases or increases in other items specified by the Underwriter, in each case as compared with amounts shown in the latest unaudited interim consolidated statement of financial condition of the Company and the Banks included in the Registration Statement except in each case for changes, increases or decreases which the Registration Statement specifically discloses, have occurred or may occur or which are described in such letter; and

(B) for the period from the date of the latest unaudited interim consolidated financial statements included in the Registration Statement to the specified date referred to in Clause (iii)(A), there were any decreases in the consolidated interest income, net interest income, other operating income or net income of the Company and the Banks or in the per share amount of net income of the Company and the Banks any increase in consolidated other operating expense of the Company and the Banks, or any changes, decreases or increases in any other items specified by the Underwriter, in each case as compared with the comparable period of the preceding year and with any other period of corresponding length specified by the Underwriter, except in each case for increases or decreases which the Registration Statement discloses have occurred or may occur, or which are described in such letter.

(iv) In addition to the audit referred to in their report included in the Registration Statement and the limited procedures, inspection of minute books, inquiries and other procedures referred to in paragraphs (ii)

and (iii) above, they have carried out certain specified procedures, not constituting an audit in accordance with U.S. generally accepted auditing standards, with respect to certain amounts, percentages and financial information specified by the Underwriter which are derived from the general accounting records and consolidated financial statements of the Company and the Banks which appear in the Registration Statement specified by the Underwriter in the Registration Statement, and have compared such amounts, percentages and financial information with the accounting records and the material derived from such records and consolidated financial statements of the Company and the Banks have found them to be in agreement.

In the event that the letters to be delivered referred to above set forth any such changes, decreases or increases as specified in Clauses (iii)(A) or (iii)(B) above, or any exceptions from such agreement specified in Clause (iv) above, it shall be a further condition to the obligations of the Underwriter that the Underwriter shall have determined, after discussions with officers of the Company responsible for financial and accounting matters, that such changes, decreases, increases or exceptions as are set forth in such letters do not (x) reflect a material adverse change in the items specified in Clause (iii)(A) above as compared with the amounts shown in the latest unaudited consolidated statement of financial condition of the Company and the Banks included in the Registration Statement, (y) reflect a material adverse change in the items specified in Clause (iii)(B) above as compared with the corresponding periods of the prior year or other period specified by the Underwriter, or (z) reflect a material change in items specified in Clause (iv) above from the amounts shown in the Preliminary Prospectus distributed by the Underwriter in connection with the offering contemplated hereby or from the amounts shown in the Prospectus.

(h) At the Closing Date and, if applicable, the Option Closing Date, you shall have received certificates of the chief executive officer and the chief financial and accounting officer of the Company, which certificates shall be deemed to be made on behalf of the Company dated as of the Closing Date and, if applicable, the Option Closing Date, evidencing satisfaction of the conditions of Section 6(a) and stating that (i) the representations and warranties of the Company set forth in Section 2(a) hereof are accurate as of the Closing Date and, if applicable, the Option Closing Date, and that the Company has complied with all agreements and satisfied all conditions on their part to be performed or satisfied at or prior to such Closing Date; (ii) since the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been any material adverse change in the condition (financial or otherwise), earnings, affairs, business, prospects or results of operations of the Company and the Banks on a consolidated basis; (iii) since such dates there has not been any material transaction entered into by the Company or the Banks other than

transactions in the ordinary course of business; and (iv) they have carefully examined the Registration Statement and the Prospectus as amended or supplemented and nothing has come to their attention that would lead them to believe that either the Registration Statement or the Prospectus, or any amendment or supplement thereto as of their respective effective or issue dates, contained, and the Prospectus as amended or supplemented at such Closing Date (and, if applicable, the Option Closing Date), contains any untrue statement of a material fact, or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (v) covering such other matters as you may reasonably request. The officer's certificate of the Company shall further state that no stop order affecting the Registration Statement is in effect or, to their knowledge, threatened.

(i) The NASD, upon review of the terms of the public offering of the Shares, shall not have objected to the Underwriter's participation in such offering.

(j) Prior to the Closing Date and, if applicable, the Option Closing Date, the Company shall have furnished to you and your counsel all such other documents, certificates and opinions as they have reasonably requested.

All opinions, certificates, letters and other documents shall be in compliance with the provisions hereof only if they are reasonably satisfactory in form and substance to you. The Company shall furnish you with conformed copies of such opinions, certificates, letters and other documents as you shall reasonably request.

If any of the conditions referred to in this Section 6 shall not have been fulfilled when and as required by this Agreement, this Agreement and all of your obligations hereunder may be terminated by you on notice to the Company at, or at any time before, the Closing Date or the Option Closing Date, as applicable. Any such termination shall be without liability of the Underwriter to the Company.

7. INDEMNIFICATION AND CONTRIBUTION.

(a) The Company agrees to indemnify and hold harmless the Underwriter, each of its directors, officers and agents, and each person, if any, who controls the Underwriter within the meaning of the 1933 Act, against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation and reasonable attorney fees and expenses), joint or several, arising out of or based (i) upon any untrue statement or alleged untrue statement of a material fact made by the Company contained in Section 2(a) of this Agreement (or any certificate delivered by the Company pursuant hereto Section 6(i) hereto) or

the registration statement as originally filed or the Registration Statement, any Preliminary Prospectus or the Prospectus, or in any amendment or supplement thereto, (ii) upon any blue sky application or other document executed by the Company specifically for that purpose or based upon written information furnished by the Company filed in any state or other jurisdiction in order to qualify any of the Shares under the securities laws thereof (any such application, document or information being hereinafter referred to as a "Blue Sky Application"), (iii) any omission or alleged omission to state a material fact in the registration statement as originally filed or the Registration Statement, any Preliminary Prospectus or the Prospectus, or in any amendment or supplement thereto, or in any Blue Sky Application) required to be stated therein or necessary to make the statements therein not misleading, and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation and attorney fees), joint or several, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus or the Prospectus, or in any amendment of supplement thereto, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or (iv) the enforcement of this indemnification provision or the contribution provisions of Section 7(e); and shall reimburse each such indemnified party for any reasonable legal or other expenses as incurred, but in no event less frequently than 30 days after each invoice is submitted, incurred by them in connection with investigating or defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action, notwithstanding the possibility that payments for such expenses might later be held to be improper, in which case such payments shall be promptly refunded; provided, however, that the Company shall not be liable in any such case to the extent, but only to the extent, that any such losses, claims, damages, liabilities and expenses arise out of or are based upon any untrue statement or omission or allegation thereof that has been made therein or omitted therefrom in reliance upon and in conformity with information furnished in writing to the Company through you by expressly for use therein beneath the heading "Underwriting;" provided, that the indemnification contained in this paragraph with respect to any Preliminary Prospectus shall not inure to the benefit of the Underwriter (or of any person controlling the Underwriter) to the extent any such losses, claims, damages, liabilities or expenses directly results from the fact that such Underwriter sold Shares to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the Prospectus (as amended or supplemented if any amendments or supplements thereto shall have been furnished to the Underwriter in sufficient time to distribute same with or prior to the written confirmation of the sale involved), if required by law, and if such loss, claim, damage, liability or expense would not have arisen but for the failure to give or send such person such document. The foregoing indemnity agreement is in addition to any liability the Company may otherwise

have to any such indemnified party.

(b) The Underwriter, agrees to indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of the 1933 Act, to the same extent as required by the foregoing indemnity from the Company to the Underwriter, but only with respect to information relating to such Underwriter furnished in writing to the Company through you by or on behalf of it expressly for use in connection with the registration statement as originally filed, the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, beneath the heading "Underwriting" or in a Blue Sky Application. The foregoing indemnity agreement is in addition to any liability which the Underwriter may otherwise have to any such indemnified party.

(c) If any action or claim shall be brought or asserted against any indemnified party or any person controlling an indemnified party in respect of which indemnity may be sought from the indemnifying party, such indemnified party or controlling person shall promptly notify the indemnifying party in writing, and the indemnifying party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the indemnified party and the payment of all expenses; provided, however, that the failure so to notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party otherwise than under such paragraph, and further, shall only relieve it from liability under such paragraph to the extent prejudiced thereby. Any indemnified party or any such controlling person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such indemnified party or such controlling person unless (i) the employment thereof has been specifically authorized by the indemnifying party in writing, (ii) the indemnifying party has failed to assume the defense or to employ counsel reasonably satisfactory to the indemnified party or (iii) the named parties to any such action (including any impleaded parties) include both such indemnified party or such controlling person and the indemnifying party and such indemnified party or such controlling person shall have been advised by such counsel that there may be one or more legal defenses available to it that are different from or in addition to those available to the indemnifying party (in which case, if such indemnified party or controlling person notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such action on behalf of such indemnified party or such controlling person) it being understood, however, that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys at any time and for

all such indemnified party and controlling persons, which firm shall be designated in writing by the indemnified party. Each indemnified party and each controlling person, as a condition of such indemnity, shall use reasonable efforts to cooperate with the indemnifying party in the defense of any such action or claim. The indemnifying party shall not be liable for any settlement of any such action effected without its written consent, but if there be a final judgment for the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party and any such controlling person from and against any loss, claim, damage, liability or expense by reason of such settlement or judgment.

An indemnifying party shall not, without the prior written consent of each indemnified party, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnity may be sought hereunder (whether or not such indemnified party or any person who controls such indemnified party within the meaning of the 1933 Act is a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes a release of each such indemnified party reasonably satisfactory to each such indemnified party and each such controlling person from all liability arising out of such claim, action, suit or proceeding or unless the indemnifying party shall confirm in a written agreement with each indemnified party, that notwithstanding any federal, state or common law, such settlement, compromise or consent shall not alter the right of any indemnified party or controlling person to indemnification or contribution as provided in this Agreement.

(d) If the indemnification provided for in this Section 7 is unavailable or insufficient to hold harmless an indemnified party under paragraphs (a), (b) or (c) hereof in respect of any losses, claims, damages, liabilities or expenses referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriter on the other from the offering of the Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Underwriter on the other in connection with the statements or omissions that resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriter on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Shares (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the

Underwriter, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company on the one hand and of the Underwriter on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriter and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Underwriter agrees that it would not be just and equitable if contribution pursuant to this paragraph (d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities and expenses referred to in the first sentence of this paragraph (d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this paragraph (d), the Underwriter shall not be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by such Underwriter and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this paragraph (d), each person who controls the Underwriter within the meaning of the 1933 Act shall have the same rights to contribution as such Underwriter, and each person who controls the Company within the meaning of the 1933 Act, each officer of the Company who shall have signed the Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to the preceding sentence. The obligations of the Company under this paragraph (d) shall be in addition to any liability which the Company may otherwise have and the obligations of the Underwriter under this paragraph (d) shall be in addition to any liability that the Underwriter may otherwise have.

(e) The indemnity and contribution agreements contained in this Section 7 and the representations and warranties of the Company set forth in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Underwriter or any person controlling the Underwriter or by or on behalf of the Company, or such directors or officers (or any person controlling the Company), (ii) acceptance of any Shares and payment therefor hereunder and (iii) any termination of this Agreement. A successor of the Underwriter or of the Company, such directors or officers (or of any person

controlling the Underwriter or the Company) shall be entitled to the benefits of the indemnity, contribution and reimbursement agreements contained in this Section 7.

8. TERMINATION. You shall have the right to terminate this Agreement on behalf of the Underwriter at any time at or prior to the Closing Date or, with respect to the Underwriter's obligation to purchase the Option Shares, at any time at or prior to the Option Closing Date, without liability on the part of the Underwriter to the Company, if:

(a) The Company shall have failed, refused, or been unable to perform any agreement on its part to be performed under this Agreement, or any of the conditions referred to in Section 6 shall not have been fulfilled, when and as required by this Agreement;

(b) The Company or the Banks shall have sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree which in the judgment of the Underwriter materially impairs the investment quality of the Shares;

(c) There has been since the respective dates as of which information is given in the Registration Statement or the Prospectus, any materially adverse change in, or any development which is reasonably likely to have a material adverse effect on, the condition (financial or otherwise), earnings, affairs, business, prospects or results of operations of the Company and the Banks on a consolidated basis, whether or not arising in the ordinary course of business;

(d) There has occurred any outbreak of hostilities or other calamity or crisis or material change in general economic, political or financial conditions, or internal conditions, the effect of which on the financial markets of the United States is such as to make it, in your reasonable judgment, impracticable to market the Shares or enforce contracts for the sale of the Shares;

(e) Trading generally on the New York Stock Exchange, the American Stock Exchange or the Nasdaq National Market shall have been suspended, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required, by any of said exchanges or market system or by the Commission or any other governmental authority;

(f) A banking moratorium shall have been declared by either federal or Michigan authorities; or

(g) Any action shall have been taken by any government in respect of its monetary affairs which, in your reasonable judgment, has a material adverse effect on the United States securities markets.

If this Agreement shall be terminated pursuant to this Section 8, the Company shall not then be under any liability to the Underwriter except as provided in Sections 5 and 7 hereof.

10. EFFECTIVE DATE OF AGREEMENT. If the Registration Statement is not effective at the time of execution of this Agreement, this Agreement shall become effective on the Effective Date at the time the Commission declares the Registration Statement effective. The Company shall immediately notify the Underwriter when the Registration Statement becomes effective.

If the Registration Statement is effective at the time of execution of this Agreement, this Agreement shall become effective at the earlier of 11:00 a.m. St. Louis time, on the first full business day following the day on which this Agreement is executed, or at such earlier time as the Underwriter shall release the Shares for initial public offering. The Underwriter shall notify the Company immediately after it has taken any action which causes this Agreement to become effective.

Until such time as this Agreement shall have become effective, it may be terminated by the Company, by notifying you, or by you by notifying the Company, except that the provisions of Sections 5 and 7 shall at all times be effective.

11. REPRESENTATIONS, WARRANTIES AND AGREEMENTS TO SURVIVE DELIVERY. The representations, warranties, indemnities, agreements and other statements of the Company and its officers set forth in or made pursuant to this Agreement and the agreements of the Underwriter contained in Section 7 hereof shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Company or controlling persons of the Company, or by or on behalf of the Underwriter or controlling persons of the Underwriter or any termination or cancellation of this Agreement and shall survive delivery of and payment for the Shares.

12. NOTICES. Except as otherwise provided in this Agreement, all notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand, mailed by registered or certified mail, return receipt requested, or transmitted by any standard form of telecommunication and confirmed. Notices to the Company shall be sent to 230 West Main Street, P.O. Box 491, Ionia, Michigan 48846, Attention: William R. Kohls (with a copy to Varnum, Riddering, Schmidt & Howlett LLP, 330 Bridge

Street, N.W., P.O. Box 352, Grand Rapids, Michigan 49501-0352, Attention: Michael G. Wooldridge, Esq.); and notices to the Underwriter shall be sent to Stifel, Nicolaus & Company, Incorporated, 500 North Broadway, Suite 1500, St. Louis, Missouri 63102, Attention: Rick E. Maples (with a copy to Bryan Cave LLP, 211 North Broadway, Suite 3600, St. Louis, Missouri 63102, Attention: James L. Nouss, Jr., Esq.).

13. PARTIES. The Agreement herein set forth is made solely for the benefit of the Underwriter and the Company and, to the extent expressed, directors and officers of the Company, any person controlling the Company or the Underwriter, and their respective successors and assigns. No other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser, in his status as such purchaser, from the Underwriter of the Shares.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State of Missouri, without giving effect to the choice of law or conflicts of law principles thereof.

15. COUNTERPARTS. This Agreement may be executed in one or more counterparts, and when a counterpart has been executed by each party hereto all such counterparts taken together shall constitute one and the same Agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this shall become a binding agreement between the Company and you in accordance with its terms.

Very truly yours,
INDEPENDENT BANK CORPORATION

By: _____
Name:
Title:

CONFIRMED AND ACCEPTED,
as of November __, 1996.

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
Name:
Title:

CERTIFICATE OF DESIGNATION

RIGHTS AND PREFERENCES

OF THE

_____% CUMULATIVE, CONVERTIBLE PREFERRED STOCK, SERIES A

NO PAR VALUE

OF

INDEPENDENT BANK CORPORATION

WHEREAS, the Articles of Incorporation, as amended, of Independent Bank Corporation, a corporation organized and existing under the Michigan Business Corporation Act (the "Corporation"), authorize the issuance of 200,000 shares of preferred stock, no par value of the Corporation ("Preferred Stock") in one or more series, and authorize the Board of Directors to fix by resolution or resolutions the designation and amount of each series of Preferred Stock and the preferences and relative, participating, optional and other special rights of such shares, and the qualifications, limitations or restrictions thereof; and

WHEREAS, the Board of Directors of the Corporation has previously approved the creation and designation of the initial series of Preferred Stock of the Corporation and fixed the designation and amount thereof and the preferences and relative, participating, optional and other special rights of such shares, and the qualifications, limitations or restrictions thereof, subject to such modifications and designation of dividend rate as may be determined by the Pricing Committee of the Board of Directors of the Corporation; and

WHEREAS, the Pricing Committee of the Board of Directors of the Corporation has been granted the authority by the Board of Directors of the Corporation to make such modifications and designation of dividend rate with respect of such Preferred Stock as may be determined by the Pricing Committee and such Pricing Committee now desires to fix and determine such matters with respect to the issuance of 172,500 shares of Preferred Stock to be issued and sold by the Corporation in a public offering.

NOW, THEREFORE, BE IT RESOLVED, that there is hereby created a series of the Preferred Stock of the Corporation having the preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions (in addition to those set forth in said Articles of Incorporation, as amended), as follows:

1. DESIGNATION. The designation of the series of Preferred Stock created by this resolution shall be ____% Cumulative, Convertible Preferred Stock, Series A, no par value, of the Corporation (hereinafter referred to as "Series A Preferred Stock"), and the number of shares constituting such series shall be 172,500, which number may be increased (but not above the total number of shares of Preferred Stock of the Corporation then authorized by the Articles of Incorporation, as amended from time to time) or decreased (but not below the number of shares then outstanding) from time to time by the Board of Directors. The Series A Preferred Stock shall rank prior to the Common Stock of the Corporation with respect to the payment of dividends and the distribution of assets. Each share of Series A Preferred Stock shall have a Liquidation Preference (as defined in paragraph 3 hereof) of \$100.

2. DIVIDEND RIGHTS.

(a) The holders of shares of Series A Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors, out of funds legally available therefor, cash dividends, accruing from the date of initial issuance, at the annual rate of ____% per annum of its Liquidation Preference, and no more, payable, when and as declared by the Board of Directors, quarterly on _____, _____, _____, and _____ of each year (each quarterly period ending on any such date being hereinafter referred to as a "dividend period"), commencing _____, 1997, at such annual rate. Each dividend will be payable to holders of record as they appear on the stock books of the Corporation on such record dates as shall be fixed by the Board of Directors of the Corporation. The date of initial issuance of shares of Series A Preferred Stock is hereinafter referred to as the "Issue Date". Dividends payable on the Series A Preferred Stock (i) for any period other than a full dividend period shall be computed on the basis of a 360-day year consisting of twelve 30-day months and (ii) for each full dividend period shall be computed by dividing the annual dividend rate by four.

(b) Dividends on shares of Series A Preferred Stock shall be cumulative from the Issue Date whether or not there shall be funds legally available for the payment thereof. If there shall be outstanding shares of any other series of Preferred Stock ranking junior to or on a parity with the Series A Preferred Stock as to dividends, no dividends shall be declared or paid or set apart for payment on any such other series for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment on the Series A Preferred Stock for all dividend periods terminating on or prior to the date of payment of such dividends. If dividends on the Series A Preferred Stock and on any other series of Preferred Stock ranking on a parity as to dividends with the Series A Preferred Stock are in arrears, in making any dividend payment on account of such arrears, the Corporation shall make payments ratably upon all outstanding shares of the Series A Preferred Stock and shares of such other series of Preferred Stock in proportion to the respective amounts of dividends in arrears on the Series A Preferred Stock and on such other series of Preferred Stock and on such other series of Preferred Stock to the date of such

dividend payment. Holders of shares of the Series A Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends on such shares. No interest or sum of money in lieu of interest shall be payable in respect of any dividend payment or payments which may be in arrears.

(c) Unless full cumulative dividends on all outstanding shares of the Series A Preferred Stock shall have been paid or declared and set aside for payment for all past dividend periods, no dividend (other than a dividend in Common Stock or in any other stock ranking junior to the Series A Preferred Stock as to dividends and the distribution of assets upon liquidation, dissolution or winding up) shall be declared upon the Common Stock or upon any other stock ranking junior to the Series A Preferred Stock as to dividends and the distribution of assets upon liquidation, dissolution, or winding up, nor shall any Common Stock or any other stock of the Corporation ranking junior to or on a parity with the Series A Preferred Stock as to dividends or upon the distribution of assets upon liquidation, dissolution or winding up be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation (except by conversion into or exchange for stock of the Corporation ranking junior to the Series A Preferred Stock as to dividends and the distribution of assets upon liquidation, dissolution or winding up).

3. LIQUIDATION PREFERENCES.

(a) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of Series A Preferred Stock shall be entitled to receive out of the assets of the Corporation available for distribution to stockholders an amount equal to \$100 per share (which amount is referred to hereafter as the "Liquidation Preference") plus an amount equal to any accrued and unpaid dividends thereon to and including the date of such distribution, and no more, before any distribution shall be made to the holders of Common Stock or any other class of stock of the Corporation ranking junior to the Series A Preferred Stock as to the distribution of assets. After payment of such liquidating distributions, the holders of shares of Series A Preferred Stock will not be entitled to any further participation in any distribution of assets by the Corporation.

(b) In the event the assets of the Corporation available for distribution to stockholders upon any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full the amounts payable with respect to the Series A Preferred Stock and any other shares of Preferred Stock ranking on a parity with the Series A Preferred Stock as to the distribution of assets, the holders of Series A Preferred Stock and the holders of such other Preferred Stock shall share ratably in any distribution of assets of the Corporation in proportion to the full respective preferential amounts to which they are entitled.

(c) The merger or consolidation of the Corporation into or with any other corporation, the merger or consolidation of any other corporation into or with the Corporation or the sale of the assets of the Corporation substantially as an entirety shall not be deemed a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of this Section 3.

4. REDEMPTION.

(a) Subject to obtaining the prior approval of the Board of Governors of the Federal Reserve System, the Corporation, at its option, may redeem any or all shares of Series A Preferred Stock, at any time or from time to time, on or after _____, 2001 at a redemption price of \$100 per share, plus an amount equal to accrued and unpaid dividends thereon to and including the date of redemption (the "Redemption Price").

(b) If less than all the outstanding shares of Series A Preferred Stock are to be redeemed, the shares to be redeemed shall be selected pro rata as nearly as practicable or by lot, or by such other method as the Board of Directors may determine to be fair and appropriate.

(c) Notice of any redemption shall be given by first class mail, postage prepaid, mailed not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to the holders of record of the shares of Series A Preferred Stock to be redeemed, at their respective addresses appearing on the books of the Corporation. Notice so mailed shall be conclusively presumed to have been duly given whether or not actually received. Such notice shall state: (i) the date fixed for redemption; (ii) the Redemption Price; (iii) that the holder has the right to convert such shares into Common Stock until the close of business on the tenth day preceding the redemption date; (iv) the then-effective conversion price and the place where certificates for such shares may be surrendered for conversion; (v) the number of shares of Series A Preferred Stock to be redeemed and if less than all the shares held by such holder are to be redeemed, the number of such shares to be so redeemed from such holder; (vi) the place where certificates for such shares are to be surrendered for payment of the Redemption Price; and (vii) that, after such date fixed for redemption, the shares to be redeemed shall not accrue dividends. If such notice is mailed as aforesaid, and if on or before the date fixed for redemption funds sufficient to redeem the shares called for redemption are set aside by the Corporation in trust for the account of the holders of the shares to be redeemed, notwithstanding the fact that any certificate for shares called for redemption shall not have been surrendered for cancellation, on and after the redemption date the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, dividends thereon shall cease to accrue and all rights of the holders of such shares as stockholders of the Corporation shall cease (except the right to receive the Redemption Price, without interest, upon surrender of the certificate representing such shares). Upon surrender in accordance with the aforesaid notice of the certificate for any shares so redeemed (duly endorsed or accompanied by appropriate

instruments of transfer, if so required by the Corporation in such notice), the holders of record of such shares shall be entitled to receive the Redemption Price, without interest. Notwithstanding the foregoing, however, as and to the extent that the Corporation is required or permitted under the abandoned property laws of any jurisdiction to escheat any redemption funds held in trust for the benefit of any holder, the Corporation shall be absolved of any further obligation or liability to such holder to the fullest extent provided by any such law. In case fewer than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

(d) At the option of the Corporation, if notice of redemption is mailed as aforesaid, and if prior to the date fixed for redemption funds sufficient to pay in full the Redemption Price are deposited in trust, for the account of the holders of the shares to be redeemed, with a bank or trust company named in such notice doing business in the State of Michigan or the Borough of Manhattan, The City of New York, State of New York, and having capital and surplus of at least \$_____ (which bank or trust company also may be the transfer agent and/or paying agent for the Series A Preferred Stock) notwithstanding the fact that any certificate(s) for shares called for redemption shall not have been surrendered for cancellation, on or after such date of deposit the shares represented thereby so called for redemption shall not have been surrendered for cancellation, on or after such date of deposit the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, and all rights of the holders of such shares as shareholders of the Corporation shall cease, except the right of the holders thereof to convert such shares in accordance with the provisions of Section 5 at any time prior to the close of business on the tenth day preceding the redemption date and the right of the holders thereof to receive out of the funds so deposited in trust the Redemption Price, without interest, upon surrender of the certificate(s) representing such shares. Any funds so deposited with such bank or trust company in respect of shares of Series A Preferred Stock converted before the close of business on the tenth day preceding the redemption date shall be returned to the Corporation upon such conversion. Unless otherwise required by law, any funds so deposited with such bank or trust company which shall remain unclaimed by the holders of shares called for redemption at the end for two years after the redemption date shall be repaid to the Corporation, on demand, and thereafter the holder of any such shares shall look only to the Corporation for the payment, without interest, of the Redemption Price. Notwithstanding the foregoing, however, as and to the extent that the Corporation is required or permitted under the abandoned property laws of any jurisdiction to escheat any redemption funds held in trust for the benefit of any holder, the Corporation shall be absolved of any further obligation or liability to such holder to the fullest extent provided by any such laws.

(e) Any provision of this Section 4 to the contrary notwithstanding, in the event that any quarterly dividend payable on the Series A Preferred Stock shall be in arrears and until all such dividends in arrears shall have been paid or declared and set apart for payment, the Corporation shall not redeem any shares of Series A Preferred Stock unless all outstanding shares of Series A Preferred Stock are simultaneously redeemed and shall not

purchase or otherwise acquire any shares of Series A Preferred Stock except in accordance with a purchase or exchange offer made on the same terms to all holders of record of Series A Preferred Stock for the purchase of all outstanding shares thereof.

5. CONVERSION RIGHTS. The holders of shares of Series A Preferred Stock shall have the right, at their option, to convert such shares into shares of Common Stock on the following terms and conditions:

(a) Shares of Series A Preferred Stock shall be convertible at any time into fully paid and nonassessable shares of Common Stock at a conversion price of \$_____ per share of Common Stock (the "Conversion Price"). For purposes of this Section 5, references to shares of Series A Preferred Stock shall apply equally to fractional shares thereof, but only to the extent that such fractional shares are integral multiples of 1/4 of one share. The Conversion Price shall be subject to adjustment from time to time as hereinafter provided. For purposes of such conversion, each share of Series A Preferred Stock will be valued at \$100, plus an amount equal to accrued and unpaid dividends thereon through the date of conversion. No payment or adjustment shall be made on account of any accrued and unpaid dividends on shares of Common Stock issued upon such conversion subsequent to the record date for the determination of stockholders entitled to such dividends. If any shares of Series A Preferred Stock shall be called for redemption, the right to convert the shares designated for redemption shall terminate at the close of business on the tenth day preceding the date fixed for redemption unless default is made in the payment of the Redemption Price. In the event of default in the payment of the Redemption Price, the right to convert the shares designated for redemption shall terminate at the close of business on the business day immediately preceding the date that such default is cured.

(b) In order to convert shares of Series A Preferred Stock into Common Stock, the holder thereof shall surrender the certificates therefor, duly endorsed if the Corporation shall so require, or accompanied by appropriate instruments of transfer satisfactory to the Corporation, at the office of the transfer agent for the Series A Preferred Stock, or at such other office as may be designated by the Corporation, together with written notice that such holder irrevocably elects to convert such shares or any fraction of a share of Series A Preferred Stock having a denominator of 4, each such fractional interest, measured in 1/4 of a share, being valued for purposes of conversion at \$25; references in this Section 5 to the conversions of any share of Series A Preferred Stock shall also apply, mutatis mutandis, to such fractional interests. Such notice shall also state the name and address in which such holder wishes the certificate for the share of Common Stock issuable upon conversion to be issued. As soon as practicable after receipt of the certificates representing the shares of Series A Preferred Stock to be converted and the notice of election to convert the same, the Corporation shall issue and deliver at said office a certificate for the number of whole shares of Common Stock issuable upon conversion of the shares of Series A Preferred Stock surrendered for conversion, together with a cash payment in lieu of any fraction of a share, as hereinafter provided, to the person entitled to receive the same. If more than one stock certificate for Series A Preferred Stock shall be surrendered for conversion at one time

by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares represented by all the certificates so surrendered. Shares of Series A Preferred Stock shall be deemed to have been converted immediately prior to the close of business on the date such shares are surrendered for conversion and notice of election to convert the same is received by the Corporation in accordance with the foregoing provision, and the person entitled to receive the Common Stock issuable upon such conversion shall be deemed for all purposes as the record holder of such Common Stock as of such date. In the event the holder of shares of Series A Preferred Stock elects to convert such shares after such shares have been called for redemption, amounts attributable to accrued and unpaid dividends thereon shall be paid to the person entitled to receive the same in full in cash. Otherwise, amounts attributable to accrued and unpaid dividends thereon shall be paid to the person entitled to receive the same in either (i) whole shares of Common Stock, together with a cash payment in lieu of any fraction of a share, as hereinafter provided, or (ii) cash, at the option of the Company.

(c) In the case of any share of Series A Preferred Stock which is converted after any record date with respect to the payment of a dividend on the Series A Preferred Stock and on or prior to the date on which such dividend is payable by the Corporation (the "Dividend Due Date"), the dividend due on such Dividend Due Date shall be payable on such Dividend Due Date to the holder of record of such shares as of such preceding record date notwithstanding such conversion. The dividend with respect to a share of Series A Preferred Stock called for redemption on a redemption date during the period from the close of business on any record date with respect to the payment of a dividend on the Series A Preferred Stock next preceding any Dividend Due Date to the opening of business on such Dividend Due Date shall be payable on such Dividend Due Date to the holder of record of such share on such dividend record date, notwithstanding the conversion of such share of Series A Preferred Stock after such record date and prior to such Dividend Due Date. Except as provided in this subsection, no payment or adjustment shall be made upon any conversion on account of any dividends accrued on shares of Series A Preferred Stock surrendered for conversion or on account of any dividends on the shares of Common Stock issued upon conversion.

(d) No fractional shares of Common Stock shall be issued upon conversion of any shares of Series A Preferred Stock. If more than one share of Series A Preferred Stock is surrendered at one time by the same holder, the number of full shares issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares so surrendered. If the conversion of any shares of Series A Preferred Stock results in a fractional share of Common Stock, the Corporation shall pay cash in lieu thereof in an amount equal to such fraction multiplied by the closing price, determined as provided in subsection (vi) of Section 5(e) below, on the date on which the shares of Series A Preferred Stock were duly surrendered for conversion, or if such date is not a trading date, on the next succeeding trading date.

(e) The Conversion Price shall be adjusted from time to time as follows:

(i) In case the Corporation shall pay or make a dividend or other distribution on shares of Common Stock in Common Stock, the Conversion Price in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Conversion Price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination. For purposes of this subsection, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Corporation but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Corporation will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Corporation.

(ii) In case the Corporation shall issue rights or warrants to all holders of its Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the then current market price per share (determined as provided in subsection (vi) below) of the Common Stock on the date fixed for the determination of stockholders entitled to receive such rights or warrants (other than pursuant to a dividend reinvestment plan), the Conversion Price in effect at the opening of business on the day following the date fixed for such determination shall be reduced by multiplying such Conversion Price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock which the aggregate of the offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such current market price (determined as provided in subsection (vi) below) and the denominator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock so offered for subscription or purchase, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this subsection (ii), the number of shares of Common Stock at anytime outstanding shall not include shares held in the treasury of the Corporation but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Corporation will not issue any rights or

warrants in respect of shares of Common Stock held in the treasury of the Corporation during the period so held.

(iii) In case outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately reduced, and, conversely, in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(iv) In case the Corporation shall, by dividend or otherwise, distribute to all holders of its Common Stock evidences of its indebtedness or assets (including securities, but excluding (1) any rights or warrants referred to in subsection (ii) above, (2) any dividend or distribution paid in cash out of the retained earnings of the Corporation and (3) any dividend or distribution referred to in subsection (i) above), the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such distribution by a fraction of which the numerator shall be the current market price per share (determined as provided in subsection (vi) below) of the Common Stock on the date fixed for such determination less the then fair market value (as determined by the Board of Directors, whose determination shall be conclusive and shall be described in a statement filed with the transfer agent for the Series A Preferred Stock) of the portion of the evidences of indebtedness or assets so distributed applicable to one share of Common Stock and the denominator shall be such current market price per share of the Common Stock, such adjustment to become effective immediately prior to the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such distribution.

(v) For the purposes of this Section 5, the reclassification of Common Stock into securities including securities other than Common Stock (other than any reclassification upon a consolidation or merger to which Section 5(g) below applies) shall be deemed to involve (A) a distribution of such securities other than Common Stock to all holders of Common Stock (and the effective date of such reclassification shall be deemed to be "the date fixed for the determination of stockholders entitled to receive such distribution" and the "date fixed for such determination" within the meaning of subsection (iv)

above), and (B) a subdivision or combination, as the case may be, of the number of shares of Common Stock outstanding immediately prior to such reclassification into the number of shares of Common Stock outstanding immediately thereafter (and the effective date of such reclassification shall be deemed to be "the day upon which such subdivision became effective" or "the day upon which such combination becomes effective" as the case may be, and "the day upon which such subdivision or combination becomes effective" within the meaning of subsection (iii) above).

(vi) For the purpose of any computation under subsections (ii) and (iv) above, the current market price per share of Common Stock on any day shall be deemed to be the average of the daily closing prices for the thirty (30) consecutive trading days commencing forty five (45) trading days before the day in question. The closing price for each day shall be the reported last sale price or, in case no such reported sale takes place on such day, the average of the reported closing bid and asking prices, in either case on the NASDAQ National Market or, if the Common Stock is no longer quoted to trading on such system, on the principal national securities exchange on which the Common Stock is then listed or admitted to trading or, if the Common Stock is not quoted on such NASDAQ National Market or listed or admitted to trading on any national securities exchange, the average of the closing bid and asked prices in the over-the-counter market as furnished by any New York Stock Exchange member firm selected from time to time by the Board of Directors for that purpose.

(vii) Notwithstanding the foregoing, no adjustment in the Conversion Price for the Series A Preferred Shares shall be required unless such adjustment would require an increase or decrease of at least 1% in such price; provided, however, that any adjustments which by reason of this subsection (vii) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section shall be made to the nearest cent or to the nearest one-hundredth of a share, as the case may be.

(f) Whenever the Conversion Price shall be adjusted as herein provided (i) the Corporation shall forthwith make available at the office of the transfer agent for the Series A Preferred Stock a statement describing in reasonable detail the adjustment, the facts requiring such adjustment and the method of calculation used; and (ii) the Corporation shall cause to be mailed by first class mail, postage prepaid, as soon as practicable to each holder of record of shares of Series A Preferred Stock a notice stating that the Conversion Price has been adjusted and setting forth the adjusted Conversion Price.

(g) In the event of any consolidation of the Corporation with or merger of the Corporation into any other corporation (other than a merger in which the

Corporation is the surviving corporation) or a sale, lease or conveyance of the assets of the Corporation as an entirety or substantially as an entirety, or any statutory exchange of securities with another corporation, the holder of each share of Series A Preferred Stock shall have the right, after such consolidation, merger, sale or exchange to convert such share into the number and kind of shares of stock or other securities and the amount and kind of property which such holder would have been entitled to receive upon such consolidation, merger, sale or exchange, of the number of shares of Common Stock that would have been issued to such holder had such shares of Series A Preferred Stock been converted immediately prior to such consolidation, merger or sale. The provisions of this Section 5(g) shall similarly apply to successive consolidations, mergers, sales or exchanges.

(h) The Corporation shall pay any taxes that may be payable in respect of the issuance of shares of Common Stock upon conversion of shares of Series A Preferred Stock, but the Corporation shall not be required to pay any taxes which may be payable in respect of any transfer involved in the issuance of shares of Common Stock in the name other than that in which the shares of Series A Preferred Stock so converted are registered, and the Corporation shall not be required to issue or deliver any such shares unless and until the person requesting such issuance shall have paid to the Corporation the amount of any such taxes, or shall have established to the satisfaction of the Corporation that such taxes have been paid.

(i) The Corporation may (but shall not be required to) make such reductions in the Conversion Price, in addition to those required by subsections (i) through (iv) of Section 5(e) above, as it considers to be advisable in order that any event treated for federal income tax purposes as a dividend of stock or stock rights shall not be taxable to the recipients.

(j) The Corporation shall at all times reserve and keep available out of its authorized but unissued Common Stock the full number of shares of Common Stock issuable upon the conversion of all shares of Series A Preferred Stock then outstanding.

(k) In the event that:

(i) the Corporation shall declare a dividend or any other distribution on its Common Stock, payable otherwise than in cash out of retained earnings; or

(ii) the Corporation shall authorize the granting to the holders of its Common Stock of rights to subscribe for or purchase any shares of capital stock of any class or of any other rights; or

(iii) any capital reorganization of the Corporation, reclassification of the capital stock of the Corporation, consolidation or merger of the Corporation with or into another corporation (other than a merger in

which the Corporation is the surviving corporation), or sale, lease or conveyance of the assets of the Corporation as an entirety or substantially as an entirety to another corporation occurs; or

(iv) the voluntary or involuntary dissolution, liquidation or winding up of the Corporation occurs,

the Corporation shall cause to be mailed to the holders of record of Series A Preferred Stock at least 15 days prior to the applicable date hereinafter specified a notice stating (x) the record date for the purpose of such dividend, distribution of rights or, if a record date is not to be established, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined or (y) the date on which such reorganization, reclassification, consolidation, merger, sale, lease, conveyance, dissolution, liquidation or winding up is expected to take place, and the date, if any is to be fixed, as of which holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, lease, conveyance, dissolution, liquidation or winding up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reorganization, reclassification, consolidation, merger, sale, lease, conveyance, dissolution, liquidation or winding up.

(l) Before taking any action which would cause an adjustment reducing the Conversion Price below the then par value (if any) of the shares of Common Stock deliverable upon conversion of the Series A Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at the adjusted Conversion Price.

(m) The Corporation will use its best efforts to list the shares of Common Stock required to be delivered upon conversion of the Series A Preferred Stock, prior to the delivery, upon each national securities exchange or the NASDAQ National Market, if any, upon which the outstanding Common Stock was listed at the time of delivery.

(n) Prior to the delivery of any securities which the Corporation shall be obligated to deliver upon conversion of the Series A Preferred Stock, the Corporation will comply with all federal and state laws and regulations thereunder requiring the registration of those securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

6. VOTING RIGHTS. Other than as required by applicable law, the Series A Preferred Stock shall not have any voting powers either general or specific, except that:

(a) Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66 2/3% of all of the shares of Series A Preferred Stock, and any one or more other series of preferred stock of the Corporation similarly affected, at the time outstanding, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which the holders of shares of the Series A Preferred Stock and any such other series of preferred stock shall vote together as a separate class, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal of any of the provisions of the Articles of Incorporation, as amended, or of any amendment or supplement thereto (including any certificate of designation or any similar document relating to any series of preferred stock) of the Corporation, which would adversely affect the preferences, rights, powers or privileges, qualifications, limitations and restrictions of the Series A Preferred Stock.

(b) Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66 2/3% of all of the shares of the Series A Preferred Stock and any other series of preferred stock of the Corporation ranking on a parity with shares of the Series A Preferred Stock, either as to dividends or the distribution of assets upon liquidation, dissolution or winding up, at the time outstanding, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which the holders of shares of the Series A Preferred Stock and any such other series of preferred stock of the Corporation shall vote together as a single class without regard to series, as shall be necessary to create, authorize or issue, or reclassify any authorized stock of the Corporation into, or create, authorize or issue any obligation or security convertible into or evidencing a right to purchase, any shares of any class of stock of the Corporation ranking prior to the Series A Preferred Stock or ranking prior to any other series of preferred stock of the Corporation which ranks on a parity with the Series A Preferred Stock as to dividends or upon the distribution of assets upon liquidation, dissolution or winding up. Subject to the foregoing, the Corporation's Articles of Incorporation, as amended, may be amended to increase the number of authorized shares of preferred stock without the vote of the holders of Preferred Stock, including the Series A Preferred Stock.

(c) Whenever, at any time or times, dividends payable on the shares of Series A Preferred Stock shall be in arrears in an amount equal to at least six full quarterly dividends or shares of the Series A Preferred Stock at the time outstanding, the holders of the outstanding shares of Series A Preferred Stock shall have the exclusive right, voting separately as a class together with holders of shares of any one or more other series of Preferred Stock ranking on a parity with the Series A Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable, to elect two directors of the Corporation for one-year terms at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders. At elections for such directors, each holder of Series A Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any other series of Preferred Stock ranking on such a parity being entitled to such number of votes, if any, for each share of stock held as may be granted to

them). Upon the vesting of such right of the holders of Series A Preferred Stock, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding shares of Series A Preferred Stock (either alone or together with the holders of shares of any one or more other series of Preferred Stock ranking on such a parity) as hereinafter set forth. The right of the holders of Series A Preferred Stock, voting separately as a class to elect (either alone or together with the holders of shares of any one or more other series of Preferred Stock ranking on such a parity) members of the Board of Directors of the Corporation as aforesaid shall continue until such time as all dividends accumulated on the Series A Preferred Stock shall have been paid in full or declared and set apart for payment, at which time such right shall immediately terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(d) Upon termination of such special voting rights attributable to all holders of the Series A Preferred stock and any other series or Preferred Stock ranking on a parity with the Series A Preferred Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable, the term of office of each director elected by the holders of shares of Series A Preferred stock and such parity Preferred Stock (a "Preferred Stock Director") pursuant to such special voting rights shall immediately terminate and the number of directors constituting the entire Board of Directors shall be reduced by the number of Preferred Stock Directors. Any Preferred Stock Director may be removed by, and shall not be removed otherwise than by, the vote of the holders of record of a majority of the outstanding shares of Series A Preferred Stock and all other series of Preferred Stock ranking on a parity with the Series A Preferred Stock with respect to dividends who were entitled to participate in such Preferred Stock Director's election, voting as a separate class, at a meeting called for such purposes. If the office of any Preferred Stock Director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, the remaining Preferred Stock Director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

7. REACQUIRED SHARES. Shares of Series A Preferred Stock converted, redeemed, or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Series A Preferred Stock without designation as to series.

8. RANKING. Any class or classes of stock of the Corporation shall be deemed to rank:

(i) prior to the Series A Preferred Stock, as to dividends or as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class shall be entitled to the receipt of dividends or of amounts

distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of the Series A Preferred Stock;

(ii) on a parity with the Series A Preferred Stock, as to dividends or as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series A Preferred Stock, if the holders of such class of stock and the Series A Preferred Stock shall be entitled to the receipt of dividends or of the amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation prices, without preference or priority one over the other; and

(iii) junior to the Series A Preferred Stock, as to dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such stock shall be Common Stock or if the holders of Series A Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such stock.

9. NO SINKING FUND. Shares of Series A Preferred Stock are not subject to the operation of a sinking fund or other obligation of the Corporation to redeem or retire the Series A Preferred Stock.

The Pricing Committee of the Board of Directors of the Corporation, pursuant to the express authority of the Corporation's Board of Directors, which authority was granted pursuant to resolutions adopted by unanimous written consent of the Board of Directors effective October ____, 1996, duly adopted the Resolution contained in this Certificate on _____, 1996.

IN WITNESS WHEREOF, INDEPENDENT BANK CORPORATION, has caused this Certificate of Designation to be signed by Charles C. Van Loan, its Principal Executive Officer, and attested by _____, its Secretary, this ____ day of _____, 1996.

INDEPENDENT BANK CORPORATION

By: _____
Charles C. Van Loan
Principal Executive Officer

Attest: _____
Name: _____
Secretary

DEPOSIT AGREEMENT

Dated: As of October _____, 1996

BY AND BETWEEN

INDEPENDENT BANK CORPORATION

-AND-

STATE STREET BANK AND TRUST COMPANY,

AS DEPOSITARY

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DEPOSIT AGREEMENT

DEPOSIT AGREEMENT, dated as of October _____, 1996 among INDEPENDENT BANK CORPORATION, a Michigan corporation, STATE STREET BANK AND TRUST COMPANY, as Depositary, and all holders from time to time of Receipts (as hereinafter defined) issued hereunder.

WITNESSETH:

WHEREAS, it is desired to provide, as hereinafter set forth in this Deposit Agreement, for the deposit of shares of the Company's Series A Preferred Stock (as hereinafter defined) with the Depositary for the purposes set forth in this Deposit Agreement and for the issuance hereunder of the Receipts evidencing Depositary Shares representing a fractional interest in the Series A Preferred Stock deposited; and

WHEREAS, the Receipts are to be substantially in the form of Exhibit A annexed to this Deposit Agreement, with appropriate insertions, modifications and omissions, as hereinafter provided in this Deposit Agreement;

NOW, THEREFORE, in consideration of the premises contained herein, it is agreed by and among the parties hereto as follows:

ARTICLE I
DEFINITIONS

The following definitions shall apply to the respective terms (in the singular and plural forms of such terms) used in this Deposit Agreement and the Receipts:

SECTION 1.01. "ARTICLES" shall mean the Articles of Incorporation (including any Designation), as amended from time to time, of the Company.

SECTION 1.02. "COMMON STOCK" shall mean the common stock, par value \$1.00 per share, of the Company.

SECTION 1.03. "COMPANY" shall mean Independent Bank Corporation, a Michigan corporation, and its successors.

SECTION 1.04. "CORPORATE OFFICE" shall mean the corporate office of the Depositary at which at any particular time its business in respect of matters governed by this Deposit Agreement shall be administered, which at the date of this Deposit Agreement is located at _____.

SECTION 1.05. "DEPOSIT AGREEMENT" shall mean this agreement, as the same may be amended, modified or supplemented from time to time.

SECTION 1.06. "DEPOSITARY" shall mean State Street Bank and Trust Company, having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000, and any successor as depositary hereunder.

SECTION 1.07. "DEPOSITARY SHARE" shall mean a fractional interest of one-fourth (1/4) of a share of Series A Preferred Stock deposited with the Depositary hereunder and the same proportionate interest in any and all other property received by the Depositary in respect of such share of Series A Preferred Stock and held under this Deposit Agreement, all as evidenced by the Receipts issued hereunder. Subject to the terms of this Deposit Agreement, each owner of a Depositary Share is entitled, proportionately, to all the rights, preferences and privileges of the Series A Preferred Stock represented by such Depositary Share, including the dividend, voting, redemption, conversion and liquidation rights contained in the Designation.

SECTION 1.08. "DEPOSITARY'S AGENT" shall mean an agent appointed by the Depositary as provided, and for the purposes specified, in Section 7.05.

SECTION 1.09. "DESIGNATION" shall mean the certificate of designation filed with the Commerce Department of Michigan, establishing the Series A Preferred Stock as a separate series of Preferred Stock of the Company.

SECTION 1.10. "RECEIPT" shall mean a Depositary Receipt issued hereunder to evidence one or more Depositary Shares, whether in definitive or temporary form, substantially in the form set forth as Exhibit A hereto.

SECTION 1.11. "RECORD DATE" shall mean the date fixed pursuant to Section 4.04.

SECTION 1.12. "RECORD HOLDER" or "HOLDER" as applied to a Receipt shall mean the person in whose name a Receipt is registered on the books maintained by the Depositary for such purpose.

SECTION 1.13. "REGISTRAR" shall mean State Street Bank and Trust Company or any bank or trust company appointed to register ownership and transfers of Receipts or the deposited Series A Preferred Stock as herein provided.

SECTION 1.14. "SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

SECTION 1.15. "SERIES A PREFERRED STOCK" shall mean shares of the Company's _____% Cumulative, Convertible Series A Preferred Stock, no par value per share, heretofore validly issued, fully paid and nonassessable.

SECTION 1.16. "TRANSFER AGENT" shall mean State Street Bank and Trust Company or any bank or trust company appointed to transfer the Receipts or the deposited Series A Preferred Stock as herein provided.

ARTICLE II
FORM OF RECEIPTS, DEPOSIT OF SERIES A PREFERRED STOCK,
EXECUTION AND DELIVERY, TRANSFER, SURRENDER AND
REDEMPTION OF RECEIPTS

SECTION 2.01. FORM AND TRANSFERABILITY OF RECEIPTS. Definitive Receipts shall be engraved or printed or lithographed with steel-engraved borders and underlying tint and shall be substantially in the form set forth in Exhibit A annexed to this Deposit Agreement, with appropriate insertions, modifications and omissions, as hereinafter provided. Pending the preparation of definitive Receipts, the Depositary, upon the written order of the Company, delivered in compliance with Section 2.02, shall execute and deliver temporary Receipts which may be printed, lithographed, typewritten, mimeographed or otherwise substantially of the tenor of the definitive Receipts in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the persons executing such Receipts may determine, as evidenced by their execution of such Receipts. If temporary Receipts are issued, the Company and the Depositary will cause definitive Receipts to be prepared without unreasonable delay. After the preparation of definitive Receipts, the temporary Receipts shall be exchangeable for definitive Receipts upon surrender of the temporary Receipts at the Corporate Office or such other offices, if any, as the Depositary may designate, without charge to the holder. Upon surrender for cancellation of any one or more temporary Receipts, the Depositary shall execute and deliver in exchange therefor definitive Receipts representing the same number of Depositary Shares as represented by the surrendered temporary Receipt or Receipts. Such exchange shall be made at the Company's expense and without any charge therefor. Until so exchanged, the temporary Receipts shall in all respects be entitled to the same benefits under this Deposit Agreement, and with respect to the Series A Preferred Stock deposited, as definitive Receipts.

Receipts shall be executed by the Depositary by the manual or facsimile signature of a duly authorized signatory of the Depositary, provided that if a Registrar (other than the Depositary) shall have been appointed then such Receipts shall also be countersigned by manual signature of a duly authorized signatory of the Registrar. No Receipt shall be entitled to any benefits under this Deposit Agreement or be valid or obligatory for any purpose unless it shall have been executed as provided in the preceding sentence. The Depositary shall record on its books each Receipt executed as provided above and delivered as hereinafter provided.

Except as the Depositary may otherwise determine, Receipts shall be in denominations of any number of whole Depositary Shares. All Receipts shall be dated the date of their issuance.

Receipts may be endorsed with or have incorporated in the text thereof such legends or recitals or changes not inconsistent with the provisions of this Deposit Agreement as may be required by the Depositary or required to comply with any applicable law or regulation or with the

rules and regulations of any securities exchange upon which the Series A Preferred Stock, the Depositary Shares or the Receipts may be listed or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Receipts are subject.

Title to any Receipt (and to the Depositary Shares evidenced by such Receipt) that is properly endorsed or accompanied by a properly executed instrument of transfer or endorsement shall be transferable by delivery with the same effect as in the case of a negotiable instrument; provided, however, that until a Receipt shall be transferred on the books of the Depositary as provided in Section 2.04, the Depositary may, notwithstanding any notice to the contrary, treat the record holder thereof at such time as the absolute owner thereof for the purpose of determining the person entitled to distribution of dividends or other distributions, to the exercise of any conversion rights or to any notice provided for in this Deposit Agreement and for all other purposes.

SECTION 2.02. DEPOSIT OF SERIES A PREFERRED STOCK-EXECUTION AND DELIVERY OF RECEIPTS IN RESPECT THEREOF. Concurrently with the execution of this Deposit Agreement, the Company is delivering to the Depositary a certificate or certificates, registered in the name of the Depositary and evidencing [172,500] shares of Series A Preferred Stock, properly endorsed or accompanied, if required by the Depositary, by a duly executed instrument of transfer or endorsement, in form satisfactory to the Depositary, together with (i) all such certifications as may be required by the Depositary in accordance with the provisions of this Deposit Agreement and (ii) a written order of the Company directing the Depositary to execute and deliver to, or upon the written order of, the person or persons stated in such order a Receipt or Receipts for the Depositary Shares representing such deposited Series A Preferred Stock. The Depositary acknowledges receipt of the deposited Series A Preferred Stock and related documentation and agrees to hold such deposited Series A Preferred Stock in an account to be established by the Depositary at the Corporate Office or at such other office as the Depositary shall determine. The Company hereby appoints the Depositary as the Registrar and Transfer Agent for the Series A Preferred Stock deposited hereunder and any Common Stock issued pursuant to Section 2.10 and the Depositary hereby accepts such appointment and, as such, will reflect changes in the number of shares (including any fractional shares) of deposited Series A Preferred Stock held by it by notation, book-entry or other appropriate method.

If required by the Depositary, Series A Preferred Stock presented for deposit by the Company at any time, whether or not the register of stockholders of the Company is closed, shall also be accompanied by an agreement or assignment, or other instrument satisfactory to the Depositary, that will provide for the prompt transfer to the Depositary or its nominee of any dividend or right to subscribe for additional Series A Preferred Stock or to receive other property that any person in whose name the Series A Preferred Stock is or has been registered may thereafter receive upon or in respect of such deposited Series A Preferred Stock, or in lieu thereof such agreement of indemnity or other agreement as shall be satisfactory to the Depositary.

Upon receipt by the Depositary of a certificate or certificates for Series A Preferred Stock deposited hereunder, together with the other documents specified above, and upon registering such Series A Preferred Stock in the name of the Depositary, the Depositary, subject to the terms and conditions of this Deposit Agreement, shall execute and deliver to, or upon the order of, the person or persons named in the written order delivered to the Depositary referred to in the first paragraph of this Section 2.02, a Receipt or Receipts for the number of whole Depositary Shares representing the Series A Preferred Stock so deposited and registered in such name or names as may be requested by such person

or persons. The Depositary shall execute and deliver such Receipt or Receipts at the Corporate Office, except that, at the request, risk and expense of any person requesting such delivery, such delivery may be made at such other place as may be designated by such person. Other than in the case of splits, combinations or other reclassifications affecting the Series A Preferred Stock, or in the case of dividends or other distributions of Series A Preferred Stock, if any, there shall be deposited hereunder not more than the number of shares constituting the Series A Preferred Stock as set forth in the Designation, as such may be amended.

The Company shall deliver to the Depositary from time to time such quantities of Receipts as the Depositary may request to enable the Depositary to perform its obligations under this Deposit Agreement.

SECTION 2.03. OPTIONAL REDEMPTION OF SERIES A PREFERRED STOCK FOR CASH. Whenever the Company shall elect to redeem shares of deposited Series A Preferred Stock for cash in accordance with the provisions of the Designation, it shall (unless otherwise agreed in writing with the Depositary) give the Depositary not less than 60 days' prior written notice of the date fixed for redemption of such Series A Preferred Stock (the "cash redemption date") and of the number of such shares of Series A Preferred Stock held by the Depositary to be redeemed and the applicable redemption price, as set forth in the Designation, including the amount, if any, of accrued and unpaid dividends to the cash redemption date. The Depositary shall mail, first-class postage prepaid, notice of the redemption of Series A Preferred Stock and the proposed simultaneous redemption of the Depositary Shares representing the Series A Preferred Stock to be redeemed, not less than 30 and not more than 60 days prior to the cash redemption date, to the holders of record on the record date fixed for such redemption pursuant to Section 4.04 hereof of the Receipts evidencing the Depositary Shares to be so redeemed, at the addresses of such holders as the same appear on the records of the Depositary; but neither failure to mail any such notice to one or more such holders nor any defect in any such notice shall affect the sufficiency of the proceedings for redemption as to other holders. The Company shall provide the Depositary with such notice, and each such notice shall state: (i) the date fixed for redemption; (ii) the cash redemption price; (iii) that the holder has the right to convert such Depositary Shares into Common Stock until the close of business on the tenth day preceding the redemption date; (iv) the then-effective conversion price and the place where Receipts may be surrendered for conversion, (v) the number of shares of deposited Series A Preferred Stock and Depositary Shares to be redeemed and if less than all the Depositary Shares held by any holder are to be redeemed, the number of such Depositary Shares held by such holder to be so redeemed; (vi) the place or places where Receipts evidencing Depositary Shares to be redeemed are to be surrendered for payment of the cash redemption price; and (vii) that from and after the cash redemption date dividends in respect of the Series A Preferred Stock represented by the Depositary Shares to be redeemed will cease to accrue. If fewer than all the outstanding Depositary Shares are to be redeemed, the Depositary Shares to be redeemed shall be selected pro rata (as nearly as may be practicable without creating fractional Depositary Shares) or by lot, or by such other method as determined by the Company.

In the event that notice of redemption has been made as described in the immediately preceding paragraph and the Company shall then have paid in full to the Depositary the cash redemption price (determined pursuant to the Designation) of the Series A Preferred Stock deposited with the Depositary to be redeemed (including any accrued and unpaid dividends to the cash redemption date), the Depositary shall redeem the number of Depositary Shares representing such Series A Preferred Stock so called for redemption by the Company and from and after the cash redemption date (unless the Company shall have failed to redeem the shares of Series A Preferred Stock to be redeemed by it as set forth in the Company's notice provided for in the preceding paragraph), all dividends in respect of the shares of Series A Preferred Stock called for redemption shall cease to accrue, the Depositary Shares called for redemption shall be deemed no longer to be outstanding and all rights of the holders of Receipts evidencing such Depositary Shares (except the right to receive the cash redemption price and any money or other property to which holders of such Receipts were entitled upon such redemption) shall, to the extent of such Depositary Shares, cease and terminate. Upon surrender in accordance with said notice of the Receipts evidencing such Depositary Shares (properly endorsed or assigned for transfer, if the Depositary shall so require), such Depositary Shares shall be redeemed at a cash redemption price of \$25.00 per Depositary Share plus any other money and other property payable in respect of such Series A Preferred Stock. The foregoing shall be further subject to the terms and conditions of the Designation.

If fewer than all of the Depositary Shares evidenced by a Receipt are called for redemption, the Depositary will deliver to the holder of such Receipt upon its surrender to the Depositary, together with payment of the cash redemption price for and all other amounts payable in respect of the Depositary Shares called for redemption, a new Receipt evidencing the Depositary Shares evidenced by such prior Receipt and not called for redemption.

SECTION 2.04. REGISTRATION OF TRANSFERS OF RECEIPTS. The Company hereby appoints the Depositary as the Registrar and Transfer Agent for the Receipts and the Depositary hereby accepts such appointment and, as such, shall register on its books from time to time transfers of Receipts upon any surrender thereof by the holder in person or by a duly authorized attorney, properly endorsed or accompanied by a properly executed instrument of transfer or endorsement, together with evidence of the payment of any transfer taxes as may be required by law. Upon such surrender, the Depositary shall execute a new Receipt or Receipts and deliver the same to or upon the order of the person entitled thereto evidencing the same aggregate number of Depositary Shares evidenced by the Receipt or Receipts surrendered.

SECTION 2.05. COMBINATIONS AND SPLIT-UPS OF RECEIPTS. Upon surrender of a Receipt or Receipts at the Corporate Office or such other office as the Depositary may designate for the purpose of effecting a split-up or combination of Receipts, subject to the terms and conditions of this Deposit Agreement, the Depositary shall execute and deliver a new Receipt or Receipts in the authorized denominations requested evidencing the same aggregate number of Depositary Shares evidenced by the Receipt or Receipts surrendered.

SECTION 2.06. SURRENDER OF RECEIPTS AND WITHDRAWAL OF SERIES A PREFERRED STOCK. Any holder of a Receipt or Receipts may withdraw any or all of the deposited Series A Preferred

Stock represented by the Depositary Shares evidenced by such Receipt or Receipts and all money and other property, if any, represented by such Depositary Shares by surrendering such Receipt or Receipts at the Corporate Office or at such other office as the Depositary may designate for such withdrawals, provided that a holder of a Receipt or Receipts may not withdraw such Series A Preferred Stock (or money and other property, if any, represented thereby) which has previously been called for redemption or which has been converted to Common Stock in accordance with Section 2.10. After such surrender, without unreasonable delay, the Depositary shall deliver to such holder, or to the person or persons designated by such holder as hereinafter provided, the number of whole shares of such Series A Preferred Stock and all such money and other property, if any, represented by the Depositary Shares evidenced by the Receipt or Receipts so surrendered for withdrawal, but holders of such whole shares of Series A Preferred Stock will not thereafter be entitled to deposit such Series A Preferred Stock hereunder or to receive Depositary Shares therefor. If the Receipt or Receipts delivered by the holder to the Depositary in connection with such withdrawal shall evidence a number of Depositary Shares in excess of the number of Depositary Shares representing the number of whole shares of deposited Series A Preferred Stock to be withdrawn, the Depositary shall at the same time, in addition to such number of whole shares of Series A Preferred Stock and such money and other property, if any, to be withdrawn, deliver to such holder, or (subject to Section 2.04) upon his order, a new Receipt or Receipts evidencing such excess number of Depositary Shares. Delivery of such Series A Preferred Stock and such money and other property being withdrawn may be made by the delivery of such certificates, documents of title and other instruments as the Depositary may deem appropriate, which, if required by the Depositary, shall be properly endorsed or accompanied by proper instruments of transfer. Partial shares of Series A Preferred Stock will not be issued to holders of Depositary Shares.

If the deposited Series A Preferred Stock and the money and other property being withdrawn are to be delivered to a person or persons other than the record holder of the Receipt or Receipts being surrendered for withdrawal of Series A Preferred Stock, such holder shall execute and deliver to the Depositary a written order so directing the Depositary and the Depositary may require that the Receipt or Receipts surrendered by such holder for withdrawal of such shares of Series A Preferred Stock be properly endorsed in blank or accompanied by a properly executed instrument of transfer or endorsement in blank.

The Depositary shall deliver the deposited Series A Preferred Stock and the money and other property, if any, represented by the Depositary Shares evidenced by Receipts surrendered for withdrawal at the Corporate Office, except that, at the request, risk and expense of the holder surrendering such Receipt or Receipts and for the account, of the holder thereof, such delivery may be made at such other place as may be designated by such holder.

SECTION 2.07. LIMITATIONS ON EXECUTION AND DELIVERY, TRANSFER, SPLIT-UP, COMBINATION, SURRENDER AND EXCHANGE OF RECEIPTS. As a condition precedent to the execution and delivery, transfer, split-up, combination, surrender or exchange of any Receipt, the Depositary, any of the Depositary's Agents or the Company may require any or all of the following: (i) payment to it of a sum sufficient for the payment (or, in the event that the Depositary or the Company shall have made such payment, the reimbursement to it) of any tax or other governmental charge with

respect thereto (including any such tax or charge with respect to the Series A Preferred Stock being deposited or withdrawn); (ii) the production of proof satisfactory to it as to the identity and genuineness of any signature (or the authority of any signature); and (iii) compliance with such regulations, if any, as the Depository or the Company may establish consistent with the provisions of this Deposit Agreement as may be required by any securities exchange upon which the deposited Series A Preferred Stock, the Depository Shares or the Receipts may be included for quotation or listed.

The deposit of Series A Preferred Stock may be refused, the delivery of Receipts against Series A Preferred Stock may be suspended, the transfer of Receipts may be refused, and the transfer, split-up, combination, surrender, exchange or redemption of outstanding Receipts may be suspended (i) during any period when the register of stockholders of the Company is closed or (ii) if any such action is deemed reasonably necessary or advisable by the Depository, any of the Depository's Agents or the Company at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of this Deposit Agreement.

SECTION 2.08. LOST RECEIPTS, ETC. In case any Receipt shall be mutilated or destroyed or lost or stolen, the Depository in its discretion may execute and deliver a Receipt of like form and tenor in exchange and substitution for such mutilated Receipt or in lieu of and in substitution for such destroyed, lost or stolen Receipt, provided that the holder thereof provides the Depository with (i) evidence reasonably satisfactory to the Depository of such destruction, loss or theft of such Receipt, of the authenticity thereof and of his ownership thereof and (ii) reasonable indemnification satisfactory to the Depository and the Company.

SECTION 2.09. CANCELLATION AND DESTRUCTION OF SURRENDERED RECEIPTS. All Receipts surrendered to the Depository or any Depository's Agent shall be canceled by the Depository. Except as prohibited by applicable law or regulation, the Depository is authorized to destroy such Receipts so cancelled.

SECTION 2.10. CONVERSION OF SERIES A PREFERRED STOCK INTO COMMON STOCK. Any holder of a Receipt or Receipts may effect the conversion of any whole number of Depository Shares into shares of Common Stock by delivering the Depository Receipt or Receipts at the Corporate Office or at such other office as the Depository may designate for such conversions together with written notice of the name and address in which the certificate for the shares of Common Stock is to be issued, provided that a holder of a Receipt or Receipts may not convert any Depository Shares representing shares of Preferred Stock previously called for redemption unless such conversion is effected prior to the close of business on the tenth day preceeding the redemption date. After such delivery, without unreasonable delay, the Depository shall deliver to such holder the number of whole shares of Common Stock into which the shares and/or fraction of a share of Series A Preferred Stock represented by such Depository Shares have been converted pursuant to the conversion price and the conversion terms specified in the Designation. No fractional shares of Common Stock will be issued upon conversion, and if such conversion would result in a fractional

share being issued, an amount will be paid in cash equal to the value of the fractional interest based on the pricing mechanism for shares of Common Stock specified in the Designation.

ARTICLE III
CERTAIN OBLIGATIONS OF HOLDERS OF RECEIPTS AND THE COMPANY

SECTION 3.01. FILING PROOFS, CERTIFICATES AND OTHER INFORMATION. Any person presenting Series A Preferred Stock for deposit or any holder of a Receipt may be required from time to time to file such proof of residence or other information, to execute such certificates and to make such representations and warranties as the Depositary or the Company may reasonably deem necessary or proper. The Depositary or the Company may withhold or delay the delivery of any Receipt, the transfer, redemption or exchange of any Receipt, the withdrawal of the deposited Series A Preferred Stock represented by the Depositary Shares evidenced by any Receipt, the distribution of any dividend or other distribution or the sale of any rights or of the proceeds thereof, until such proof or other information is filed, such certificates are executed or such representations and warranties are made.

SECTION 3.02. PAYMENT OF FEES AND EXPENSES. Holders of Receipts shall be obligated to make payments to the Depositary of certain fees and expenses, as provided in Section 5.07, or provide evidence reasonably satisfactory to the Depositary that such fees and expenses have been paid. Until such payment is made, transfer of any Receipt or any withdrawal of the Series A Preferred Stock or money or other property, if any, represented by the Depositary Shares evidenced by such Receipt may be refused, any dividend or other distribution may be withheld, and any part or all of the Series A Preferred Stock or other property represented by the Depositary Shares evidenced by such Receipt may be sold for the account of the holder thereof (after attempting by reasonable means to notify such holder a reasonable number of days prior to such sale). Any dividend or other distribution so withheld and the proceeds of any such sale may be applied to any payment of such fees or expenses, the holder of such Receipt remaining liable for any deficiency.

SECTION 3.03. REPRESENTATIONS AND WARRANTIES AS TO SERIES A PREFERRED STOCK. In the case of the initial deposit of the Series A Preferred Stock hereunder, the Company and, in the case of subsequent deposits thereof, each person so depositing Series A Preferred Stock under this Deposit Agreement shall be deemed thereby to represent and warrant that such Series A Preferred Stock and each certificate therefor are valid and that the person making such deposit is duly authorized to do so. The Company hereby further represents and warrants that such Series A Preferred Stock, when issued, will be validly issued, fully paid and nonassessable. Such representations and warranties shall survive the deposit of the Series A Preferred Stock and the issuance of Receipts.

SECTION 3.04. REPRESENTATION AND WARRANTY AS TO RECEIPTS AND DEPOSITARY SHARES. The Company hereby represents and warrants that the Receipts, when issued, will evidence legal and valid interests in the Depositary Shares and each Depositary Share will represent a legal and valid one fourth (1/4) fractional interest in a share of deposited Series A Preferred Stock. Such

representation and warranty shall survive the deposit of the Series A Preferred Stock and the issuance of Receipts evidencing the Depositary Shares.

ARTICLE IV
THE SERIES A PREFERRED STOCK; NOTICES

SECTION 4.01. CASH DISTRIBUTIONS. Whenever the Depositary shall receive any cash dividend or other cash distribution of the deposited Series A Preferred Stock, including any cash received upon redemption of any shares of Series A Preferred Stock pursuant to Section 2.03, the Depositary shall, subject to Section 3.02, distribute to record holders of Receipts on the record date fixed pursuant to Section 4.04 such amounts of such sum as are, as nearly as practicable, in proportion to the respective numbers of Depositary Shares evidenced by the Receipts held by such holders; provided, however, that (i) in case the Company or the Depositary shall be required to and shall withhold from any cash dividend or other cash distribution in respect of the Series A Preferred Stock represented by the Receipts held by any holder an amount on account of taxes, the amount made available for distribution or distributed in respect of Depositary Shares represented by such Receipts subject to such withholding shall be reduced accordingly and (ii) no cash dividends will be paid in respect of any Depositary Share to the extent that it represents any Series A Preferred Stock converted into Common Stock. The Depositary shall distribute or make available for distribution, as the case may be, only such amount, however, as can be distributed without attributing to any holder of Receipts a fraction of one cent, and any balance not so distributable shall be held by the Depositary (without liability for interest thereon) and shall be added to and be treated as part of the next sum received by the Depositary for distribution to record holders of Receipts then outstanding.

SECTION 4.02. DISTRIBUTIONS OTHER THAN CASH. Whenever the Depositary shall receive any distribution other than cash on the deposited Series A Preferred Stock, the Depositary shall, subject to Section 3.02, distribute to record holders of Receipts on the record date fixed pursuant to Section 4.04 such amounts of the securities or property received by it as are, as nearly as practicable, in proportion to the respective numbers of Depositary Shares evidenced by the Receipts held by such holders, in any manner that the Depositary and the Company may deem equitable and practicable for accomplishing such distribution, except that no distribution will be made in respect of any Depositary Share to the extent that it represents any Series A Preferred Stock converted into Common Stock. If, in the opinion of the Depositary after consultation with the Company, such distribution cannot be made proportionately among such record holders, or if for any other reason (including any requirement that the Company or the Depositary withhold an amount on account of taxes), the Depositary deems, after consultation with the Company, such distribution not to be feasible, the Depositary may, with the approval of the Company, adopt such method as it deems equitable and practicable for the purpose of effecting such distribution, including the sale (at public or private sale) of the securities or property thus received, or any part thereof, at such place or places and upon such terms as it may deem proper. The net proceeds of any such sale shall, subject to Section 3.02, be distributed or made available for distribution, as the case may be, by the Depositary to record holders of Receipts as provided by Section 4.01 in the case of a distribution received in cash. The Company shall not make any distribution of such securities or property to the holders of

Receipts unless the Company shall have provided to the Depository an opinion of counsel stating that such securities or property have been registered under the Securities Act or do not need to be registered.

SECTION 4.03. SUBSCRIPTION RIGHTS, PREFERENCES OR PRIVILEGES. If the Company shall at any time offer or cause to be offered to the persons in whose names deposited Series A Preferred Stock is registered on the books of the Company any rights, preferences or privileges to subscribe for or to purchase any securities or any rights, preferences or privileges of any other nature, such rights, preferences or privileges shall in each such instance be made available by the Depository to the record holders of Receipts in such manner as the Company shall instruct (including by the issue to such record holders of warrants representing such rights, preferences or privileges); provided, however, that (a) if at the time of issue or offer of any such rights, preferences or privileges the Company determines upon advice of its legal counsel that it is not lawful or feasible to make such rights, preferences or privileges available to the holders of Receipts (by the issue of warrants or otherwise) or (b) if and to the extent instructed by holders of Receipts who do not desire to exercise such rights, preferences or privileges, the Depository shall then, if so instructed by the Company, and if applicable laws or the terms of such rights, preferences or privileges so permit, sell such rights, preferences or privileges of such holders at public or private sale, at such place or places and upon such terms as it may deem proper. The net proceeds of any such sale shall, subject to Section 3.01 and Section 3.02, be distributed by the Depository to the record holders of Receipts entitled thereto as provided by Section 4.01 in the case of a distribution received in cash. The Company shall not make any distribution of such rights, preferences or privileges, unless the Company shall have provided to the Depository an opinion of counsel stating that such rights, preferences or privileges have been registered under the Securities Act or do not need to be registered.

If registration under the Securities Act of the securities to which any rights, preferences or privileges relate is required in order for holders of Receipts to be offered or sold the securities to which such rights, preferences or privileges relate, the Company agrees that it will promptly file a registration statement pursuant to the Securities Act with respect to such rights, preferences or privileges and securities and use its best efforts and take all steps available to it to cause such registration statement to become effective sufficiently in advance of the expiration of such rights, preferences or privileges to enable such holders to exercise such rights, preferences or privileges. In no event shall the Depository make available to the holders of Receipts any right, preference or privilege to subscribe for or to purchase any securities unless and until such a registration statement shall have become effective or unless the offering and sale of such securities to such holders are exempt from registration under the provisions of the Securities Act and the Company shall have provided to the Depository an opinion of counsel to such effect.

If any other action under the law of any jurisdiction or any governmental or administrative authorization, consent or permit is required in order for such rights, preferences or privileges to be made available to holders of Receipts, the Company agrees to use its best efforts to take such action or obtain such authorization, consent or permit sufficiently in advance of the expiration of such rights, preferences or privileges to enable such holders to exercise such rights, preferences or privileges.

SECTION 4.04. NOTICE OF DIVIDENDS; FIXING OF RECORD DATE FOR HOLDERS OF RECEIPTS. Whenever any cash dividend or other cash distribution shall become payable, any distribution other than cash shall be made, or any rights, preferences or privileges shall at any time be offered, with respect to the deposited Series A Preferred Stock, or whenever the Depositary shall receive notice of (i) any meeting at which holders of such Series A Preferred Stock are entitled to vote or of which holders of such Series A Preferred Stock are entitled to notice or (ii) any election on the part of the Company to redeem any shares of such Series A Preferred Stock, the Depositary shall in each such instance fix a record date (which shall be the same date as the record date fixed by the Company with respect to the Series A Preferred Stock) for the determination of the holders of Receipts who shall be entitled to receive such dividend, distribution, rights, preferences or privileges or the net proceeds of the sale thereof, to give instructions for the exercise of voting rights at any such meeting or to receive notice of such meeting or whose Depositary Shares are to be so redeemed.

SECTION 4.05. VOTING RIGHTS. Upon receipt of notice of any meeting at which the holders of deposited Series A Preferred Stock are entitled to vote, the Depositary shall, as soon as practicable thereafter, mail to the record holders of Receipts a notice, which shall be provided by the Company and which shall contain (i) such information as is contained in such notice of meeting, (ii) a statement that the holders of Receipts at the close of business on a specified record date fixed pursuant to Section 4.04 will be entitled, subject to any applicable provision of law, to instruct the Depositary as to the exercise of the voting rights pertaining to the amount of Series A Preferred Stock represented by their respective Depositary Shares and (iii) a brief statement as to the manner in which such instructions may be given. Upon the written request of a holder of a Receipt on such record date, the Depositary shall vote or cause to be voted the amount of Series A Preferred Stock represented by the Depositary Shares evidenced by such Receipt in accordance with the instructions set forth in such request. To the extent any such instructions request the voting of a fractional interest of a share of deposited Series A Preferred Stock, the Depositary shall aggregate such interest with all other fractional interests resulting from requests with the same voting instructions and shall vote the number of whole votes resulting from such aggregation in accordance with the instructions received in such requests. The Company hereby agrees to take all reasonable action that may be deemed necessary by the Depositary in order to enable the Depositary to vote such Series A Preferred Stock or cause such Series A Preferred Stock to be voted. In the absence of specific instructions from the holder of a Receipt, the Depositary will abstain from voting to the extent of the Series A Preferred Stock represented by the Depositary Shares evidenced by such Receipt. The Depositary shall not be required to exercise discretion in voting any Series A Preferred Stock represented by the Depositary Shares evidenced by such Receipt.

SECTION 4.06. CHANGES AFFECTING SERIES A PREFERRED STOCK AND RECLASSIFICATIONS, RECAPITALIZATION, ETC. Upon any change in par or stated value, split-up, combination or any other reclassification of Series A Preferred Stock, or upon any recapitalization, reorganization, merger, amalgamation or consolidation affecting the Company or to which it is a party or sale of all or substantially all of the Company's assets, the Depositary shall, upon the instructions of the Company, (i) make such adjustments in (a) the fraction of an interest represented by one Depositary Share in one share of Series A Preferred Stock and (b) the ratio of the redemption price per Depositary Share to the redemption price of a share of Series A Preferred Stock, in each case as may be required by

or as is consistent with the provisions of the Designation to fully reflect the effects of such change in par or stated value, split-up, combination or other reclassification of Series A Preferred Stock, or of such recapitalization, reorganization, merger, amalgamation or consolidation or sale and (ii) treat any shares of stock or other securities or property (including cash) that shall be received by the Depositary in exchange for or upon conversion of or in respect of the Series A Preferred Stock as new deposited property under this Deposit Agreement, and Receipts then outstanding shall thenceforth represent the proportionate interests of holders thereof in the new deposited property so received in exchange for or upon conversion or in respect of such Series A Preferred Stock. In any such case the Depositary may, in its discretion, with the approval of the Company, execute and deliver additional Receipts, or may call for the surrender of all outstanding Receipts to be exchanged for new Receipts specifically describing such new deposited property. Anything to the contrary herein notwithstanding, holders of Receipts shall have the right from and after the effective date of any such change in par or stated value, split-up, combination or other reclassification of the Series A Preferred Stock or any such recapitalization, reorganization, merger, amalgamation or consolidation or sale of all or substantially all the assets of the Company to surrender such Receipts to the Depositary with instructions to convert, exchange or surrender the Series A Preferred Stock represented thereby only into or for, as the case may be, the kind and amount of shares of stock and other securities and property and cash into which the deposited Series A Preferred Stock evidenced by such Receipts might have been converted or for which such Series A Preferred Stock might have been exchanged or surrendered immediately prior to the effective date of such transaction.

SECTION 4.07. INSPECTION OF REPORTS. The Depositary shall make available for inspection by holders of Receipts at the Corporate Office and at such other places as it may from time to time deem advisable during normal business hours any reports and communications received from the Company that are both received by the Depositary as the holder of deposited Series A Preferred Stock and made generally available to the holders of the Series A Preferred Stock. In addition, the Depositary shall transmit certain notices and reports to the holders of Receipts as provided in Section 5.05.

SECTION 4.08. LISTS OF RECEIPT HOLDERS. Promptly upon request from time to time by the Company, the Depositary shall furnish to the Company a list, as of a recent date specified by the Company, of the names, addresses and holdings of Depositary Shares of all persons in whose names Receipts are registered on the books of the Depositary.

SECTION 4.09. TAX AND REGULATORY COMPLIANCE. The Depositary shall be responsible for (i) preparation and mailing of Forms 1099 for all open and closed accounts, (ii) foreign tax withholding, (iii) withholding 31 % (or any withholding as may be required at the then applicable rate) of dividends from eligible holders of Receipts, (iv) mailing W-9 Forms to new holders of Receipts without a certified taxpayer identification number, (v) processing certified W-9 Forms, (vi) preparation and filing of state information returns and (vii) escheatment services.

SECTION 4.10. WITHHOLDING. Notwithstanding any other provision of this Deposit Agreement, in the event that the Depositary determines that any distribution in property is subject to any tax which the Depositary is obligated by law to withhold, the Depositary may dispose of all

or a portion of such property in such amounts and in such manner as the Depositary deems necessary and practicable to pay such taxes, by public or private sale, and the Depositary shall distribute the net proceeds of any such sale or the balance of any such property after deduction of such taxes to the holders of Receipts entitled thereto in proportion to the number of Depositary Shares held by them respectively.

ARTICLE V
THE DEPOSITARY AND THE COMPANY

SECTION 5.01. MAINTENANCE OF OFFICES, AGENCIES AND TRANSFER BOOKS BY THE DEPOSITARY AND THE REGISTRAR. The Depositary shall maintain at the Corporate Office facilities for the execution and delivery, transfer, surrender and exchange, split-up, combination, conversion and redemption of Receipts and deposit and withdrawal of Series A Preferred Stock and at the offices of the Depositary's Agents, if any, facilities for the delivery, transfer, surrender and exchange, split-up, combination, conversion and redemption of Receipts and deposit and withdrawal of Series A Preferred Stock, all in accordance with the provisions of this Deposit Agreement.

The Depositary shall keep books at the Corporate Office for the registration and transfer of Receipts, which books at all reasonable times shall be open for inspection by the record holders of Receipts as provided by applicable law. The Depositary may close such books, at any time or from time to time, when deemed expedient by it in connection with the performance of its duties hereunder.

If the Receipts or the Depositary Shares evidenced thereby or the Series A Preferred Stock represented by such Depositary Shares shall be listed on the New York Stock Exchange, Inc. or any other stock exchange, or quoted on the NASDAQ National Market, the Depositary may, with the approval of the Company, appoint a Registrar (acceptable to the Company) for registration of such Receipts or Depositary Shares in accordance with the requirements of such Exchange or the NASD. Such Registrar (which may be the Depositary if so permitted by the requirements of such Exchange) may be removed and a substitute registrar appointed by the Depositary upon the request or with the approval of the Company. If the Receipts, such Depositary Shares or such Series A Preferred Stock are listed on one or more other stock exchanges or the NASDAQ National Market, the Depositary will, at the request and expense of the Company, arrange such facilities for the delivery, transfer, surrender, redemption, conversion and exchange of such Receipts, such Depositary Shares or such Series A Preferred Stock as may be required by law or applicable stock exchange regulations.

SECTION 5.02. PREVENTION OR DELAY IN PERFORMANCE BY THE DEPOSITARY, THE DEPOSITARY'S AGENTS, THE REGISTRAR OR THE COMPANY. Neither the Depositary, any Depositary's Agent, any Registrar nor the Company shall incur any liability to any holder of any Receipt, if by reason of any provision of any present or future law or regulation thereunder of the United States of America or of any other governmental authority or, in the case of the Depositary, the Depositary's Agent or the Registrar, by reason of any provision, present or future, of the Articles or, in the case of the Company, the Depositary, the Depositary's Agent or the Registrar, by reason of any act of God or war or other circumstance beyond the control of the relevant party, the Depositary, any Depositary's Agent, the Registrar or the Company shall be prevented or forbidden from doing or performing any act or thing that the terms of this Deposit Agreement provide shall be done or performed; nor shall the Depositary, any

Depository's Agent, any Registrar or the Company incur any liability to any holder of a Receipt by reason of any nonperformance or delay, caused as aforesaid, in the performance of any act or thing that the terms of this Deposit Agreement provide shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in this Deposit Agreement.

SECTION 5.03. OBLIGATIONS OF THE DEPOSITARY, THE DEPOSITARY'S AGENTS, THE REGISTRAR AND THE COMPANY. Neither the Depository, any Depository's Agent, any Registrar nor the Company assumes any obligation or shall be subject to any liability under this Deposit Agreement or any Receipt to holders of Receipts other than from acts or omissions arising out of conduct constituting bad faith, negligence (in the case of any action or inaction with respect to the voting of the deposited Series A Preferred Stock), gross negligence or willful misconduct in the performance of such duties as are specifically set forth in this Deposit Agreement.

Neither the Depository, any Depository's Agent, any Registrar nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding with respect to the deposited Series A Preferred Stock, Depository Shares or Receipts that in its reasonable opinion may involve it in expense or liability, unless indemnity reasonably satisfactory to it against all expense and liability be furnished as often as may be required, except that such party shall not be entitled to indemnification for acts or omissions arising out of conduct constituting bad faith, negligence (in the case of any action or inaction with respect to the voting of the deposited Series A Preferred Stock, gross negligence or willful misconduct in the performance of such duties as are specifically set forth in this Deposit Agreement).

Neither the Depository, any Depository's Agent, any Registrar nor the Company shall be liable for any action or any failure to act by it in reliance upon the written advice of legal counsel or accountants, or information provided by any person presenting Series A Preferred Stock for deposit, any holder of a Receipt or any other person believed by it in good faith to be competent to give such information. The Depository, any Depository's Agent, any Registrar and the Company may each rely and shall each be protected in acting upon any written notice, request, direction or other document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

In the event the Depository shall receive conflicting claims, requests or instructions from any holders of Receipts, on the one hand, and the Company, on the other hand, the Depository shall be entitled to act on such claims, requests or instructions received from the Company, and shall be entitled to the full indemnification set forth in Section 5.06 hereof in connection with any action so taken.

The Depository shall not be responsible for any failure to carry out any instruction to vote any of the deposited Series A Preferred Stock or for the manner or effect of any such vote made, as long as any such action or non-action is in good faith and does not result from negligence or willful

misconduct of the Depositary. The Depositary undertakes, and any Registrar shall be required to undertake, to perform such duties and only such duties as are specifically set forth in this Deposit Agreement, and no implied covenants or obligations shall be read into this Agreement against the Depositary or any Registrar.

The Depositary, its parent, affiliate, or subsidiaries, any Depositary's Agent, and any Registrar may own, buy, sell or deal in any class of securities of the Company and its affiliates and in Receipts or Depositary Shares or become pecuniarily interested in any transaction in which the Company or its affiliates may be interested or contract with or lend money to or otherwise act as fully or as freely as if it were not the Depositary or the Depositary's Agent hereunder. The Depositary may also act as transfer agent or registrar of any of the securities of the Company and its affiliates or act in any other capacity for the Company or its affiliates.

It is intended that neither the Depositary nor any Depositary's Agent shall be deemed to be an "issuer" of the securities under the federal securities laws or applicable state securities laws, it being expressly understood and agreed that the Depositary and any Depositary's Agent are acting only in a ministerial capacity as Depositary for the deposited Series A Preferred Stock; provided, however, that the Depositary agrees to comply with all information reporting and withholding requirements applicable to it under law or this Deposit Agreement in its capacity as Depositary.

Neither the Depositary (or its officers, directors, employees or agents) nor any Depositary's Agent makes any representation or has any responsibility as to the validity of the registration statement pursuant to which the Depositary Shares are registered under the Securities Act, the deposited Series A Preferred Stock, the Depositary Shares, the Receipts (except its countersignature thereon) or any instruments referred to therein or herein, or as to the correctness of any statement made therein or herein; provided, however, that the Depositary is responsible for its representations in this Deposit Agreement and for the validity of any action taken or required to be taken by the Depositary in connection with this Deposit Agreement.

The Company agrees that it will register the deposited Series A Preferred Stock and the Depositary Shares in accordance with the applicable securities laws.

SECTION 5.04. RESIGNATION AND REMOVAL OF THE DEPOSITARY; APPOINTMENT OF SUCCESSOR DEPOSITARY. The Depositary may at any time resign as Depositary hereunder by notice of its election to do so delivered to the Company, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

The Depositary may at any time be removed by the Company by notice of such removal delivered to the Depositary, such removal to take effect upon the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

In case at any time the Depositary acting hereunder shall resign or be removed, the Company shall, within 60 days after the delivery of the notice of resignation or removal, as the case may be, appoint a successor depositary, which shall be a bank or trust company having its principal office

in the United States of America and having a combined capital and surplus of at least \$50,000,000. If a successor depositary shall not have been appointed in 60 days, the resigning Depositary may petition a court of competent jurisdiction to appoint a successor depositary. Every successor depositary shall execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor and for all purposes shall be the Depositary under this Deposit Agreement, and such predecessor, upon payment of -all sums due it and on the written request of the Company, shall promptly execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder, shall duly assign, transfer and deliver all rights, title and interest in the deposited Series A Preferred Stock and any moneys or property held hereunder to such successor and shall deliver to such successor a list of the record holders of all outstanding Receipts. Any successor depositary shall promptly mail notice of its appointment to the record holders of Receipts.

Any corporation into or with which the Depositary may be merged, consolidated or converted, or any corporation to which all or a substantial part of the corporate trust or shareholder services business of the Depositary may be transferred, shall be the successor of such Depositary without the execution or filing of any document or any further act. Such successor depositary may execute the Receipts either in the name of the predecessor depositary or in the name of the successor depositary.

SECTION 5.05. NOTICES, REPORTS AND DOCUMENTS. The Company agrees that it will deliver to the Depositary, and the Depositary will, promptly after receipt thereof, transmit to the record holders of Receipts, in each case at the address recorded in the Depositary's books, copies of all notices and reports (including financial statements) required by law, by the rules of any national securities exchange upon which the Series A Preferred Stock, the Depositary Shares or the Receipts are included for quotation or is listed or by the Articles to be furnished by the Company to holders of the deposited Series A Preferred Stock and, if requested by the holder of any Receipt, a copy of this Deposit Agreement, the form of Receipt, the Designation and the form of Series A Preferred Stock. Such transmission will be at the Company's expense and the Company will provide the Depositary with such number of copies of such documents as the Depositary may reasonably request. In addition, the Depositary will transmit to the record holders of Receipts at the Company's expense such other documents as may be requested by the Company.

SECTION 5.06. INDEMNIFICATION BY THE COMPANY. The Company agrees to indemnify the Depositary, any Depositary's Agent and any Registrar against, and hold each of them harmless from, any liability, costs and expenses (including reasonable attorneys' fees) that may arise out of, or in connection with, its acting as Depositary, Depositary's Agent or Registrar, respectively, under this Deposit Agreement and the Receipts, except for any liability arising out of the willful misconduct, gross negligence, negligence (in the case of any action or inaction with respect to the voting of the deposited Series A Preferred Stock) or bad faith on the part of any such person or persons. The obligations of the Company set forth in this Section 5.06 shall survive any succession of any Depositary, Registrar or Depositary's Agent or termination of this Deposit Agreement.

SECTION 5.07. FEES, CHARGES AND EXPENSES. No charges and expenses of the Depositary or any Depositary's Agent hereunder shall be payable by any person, except as provided in this Section 5.07. The Company shall pay all transfer and other taxes and governmental charges arising solely from the existence of this Deposit Agreement. The Company shall also pay all fees and expenses of the Depositary in connection with the initial deposit of the Series A Preferred Stock and the initial issuance of the Depositary Shares evidenced by the Receipts, any redemption of the Series A Preferred Stock at the option of the Company and all withdrawals of the Series A Preferred Stock by holders of Depositary Shares. If a holder of Receipts requests the Depositary to perform duties not required under this Deposit Agreement, the Depositary shall notify the holder of the cost of the performance of such duties prior to the performance thereof. Such holder will be liable for the charges and expenses related to such performance. All other fees and expenses of the Depositary and any Depositary's Agent hereunder and of any Registrar (including, in each case, fees and expenses of counsel) incident to the performance of their respective obligations hereunder will be promptly paid as previously agreed between the Depositary and the Company. The Depositary shall present its statement for fees and expenses to the Company every month or at such other intervals as the Company and the Depositary may agree.

ARTICLE VI
AMENDMENT AND TERMINATION

SECTION 6.01. AMENDMENT. The form of the Receipts and any provision of this Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary in any respect that they may deem necessary or desirable; provided, however, that no such amendment (other than any change in the fees of any Depositary, Registrar or Transfer Agent) which (i) shall materially and adversely alter the rights of the holders of Receipts or (ii) would be materially and adversely inconsistent with the rights granted to the holders of the Series A Preferred Stock pursuant to the Articles shall be effective unless such amendment shall have been approved by the holders of at least two thirds (66 2/3%) of the Depositary Shares then outstanding. In no event shall any amendment impair the right, subject to the provisions of Section 2.06 and Section 2.07 and Article III, of any holder of any Depositary Shares to surrender the Receipt evidencing such Depositary Shares with instructions to the Depositary to deliver to the holder the deposited Series A Preferred Stock and all money and other property, if any, represented thereby, except in order to comply with mandatory provisions of applicable law. Every holder of an outstanding Receipt at the time any such amendment becomes effective shall be deemed, by continuing to hold such Receipt, to consent and agree to such amendment and to be bound by this Deposit Agreement as amended thereby.

SECTION 6.02. TERMINATION. This Deposit Agreement may be terminated by the Company upon not less than 30 days' prior written notice to the Depositary if the holders of at least two thirds (66 2/3%) of the Depositary Shares then outstanding consent to such termination, whereupon the Depositary shall deliver or make available to each holder of a Receipt, upon surrender of the Receipt held by such holder, such number of whole or fractional shares of deposited Series A Preferred Stock as are represented by the Depositary Shares evidenced by such Receipt, together with any other property held by the Depositary in respect of such Receipt. This Deposit Agreement will

automatically terminate if (i) all outstanding Depositary Shares shall have been redeemed pursuant to Section 2.03 or (ii) there shall have been made a final distribution in respect of the deposited Series A Preferred Stock in connection with any liquidation, dissolution or winding up of the Company and such distribution shall have been distributed to the holders of Receipts entitled thereto.

Upon the termination of this Deposit Agreement, the Company shall be discharged from all obligations under this Deposit Agreement except for its obligations to the Depositary, any Depositary's Agent and any Registrar under Section 5.06 and Section 5.07.

ARTICLE VII
MISCELLANEOUS

SECTION 7.01. COUNTERPARTS. This Deposit Agreement may be executed in any number of counterparts, and by each of the parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed an original, but all such counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Deposit Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Deposit Agreement. Copies of this Deposit Agreement shall be filed with the Depositary and the Depositary's Agents and shall be open to inspection during business hours at the Corporate Office and the respective offices of the Depositary's Agents, if any, by any holder of a Receipt.

SECTION 7.02. EXCLUSIVE BENEFITS OF PARTIES. This Deposit Agreement is for the exclusive benefit of the parties hereto, and their respective successors hereunder, and shall not be deemed to give any legal or equitable right, remedy or claim to any other person whatsoever.

SECTION 7.03. INVALIDITY OF PROVISIONS. In case any one or more of the provisions contained in this Deposit Agreement or in the Receipts should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

SECTION 7.04. NOTICES. Any and all notices to be given to the Company hereunder or under the Receipts shall be in writing and shall be deemed to have been duly given if personally delivered or sent by mail, or by telegram or facsimile transmission confirmed by letter, addressed to the Company at:

INDEPENDENT BANK CORPORATION
230 West Main Street, P.O. Box 491
Ionia, Michigan 48846
Attn: Corporate Secretary
Telephone: (616) 527-5820

or at any other address of which the Company shall have notified the Depositary in writing.

Any notices to be given to the Depositary hereunder or under the Receipts shall be in writing and shall be deemed to have been duly given if personally delivered or sent by mail, or by telegram or telex or telecopier confirmed by letter, addressed to the Depositary at the Corporate Office.

Any notices given to any record holder of a Receipt hereunder or under the Receipts shall be in writing and shall be deemed to have been duly given if personally delivered or sent by mail, or by telegram or telex or telecopier confirmed by letter, addressed to such record holder at the address of such record holder as it appears on the books of the Depositary or, if such holder shall have filed with the Depositary in a timely manner a written request that notices intended for such holder be mailed to some other address, at the address designated in such request.

Delivery of a notice sent by mail, or by telegram or telex or telecopier shall be deemed to be effected at the time when a duly addressed letter containing the same (or a confirmation thereof in the case of a telegram or telex or telecopier message) is deposited, postage prepaid, in a post office letter box. The Depositary or the Company may, however, act upon any telegram or telex or telecopier message received by it from the other or from any holder of a Receipt, notwithstanding that such telegram or telex or telecopier message shall not subsequently be confirmed by letter as aforesaid.

SECTION 7.05. DEPOSITARY'S AGENTS. The Depositary may from time to time appoint Depositary's Agents to act in any respect for the Depositary for the purposes of this Deposit Agreement and may at any time appoint additional Depositary's Agents and vary or terminate the appointment of such Depositary's Agents. The Depositary will notify the Company of any such action.

SECTION 7.06. HOLDERS OF RECEIPTS ARE PARTIES. The holders of Receipts from time to time shall be deemed to be parties to this Deposit Agreement and shall be bound by all of the terms and conditions hereof and of the Receipts by acceptance of delivery thereof.

SECTION 7.07. GOVERNING LAW. This Deposit Agreement and the Receipts and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by, and construed in accordance with, the law of the State of New York applicable to agreements made and to be performed in said State.

SECTION 7.08. INSPECTION OF DEPOSIT AGREEMENT AND DESIGNATION. Copies of this Deposit Agreement and the Designation shall be filed with the Depositary and the Depositary's Agents and shall be open to inspection during business hours at the Corporate Office and the respective offices of the Depositary's Agents, if any, by any holder of any Receipt.

SECTION 7.09. HEADINGS. The headings of articles and sections in this Deposit Agreement and in the form of the Receipt set forth in Exhibit A hereto have been inserted for convenience only and are not to be regarded as a part of this Deposit Agreement or to have any bearing upon the meaning or interpretation of any provision contained herein or in the Receipts.

IN WITNESS WHEREOF, Independent Bank Corporation and State Street Bank and Trust Company have duly executed this Deposit Agreement as of the day and year first above set forth and all holders of Receipts shall become parties hereto by and upon acceptance by them of delivery of Receipts issued in accordance with the terms hereof.

INDEPENDENT BANK CORPORATION

By _____
Authorized Officer

STATE STREET BANK AND TRUST COMPANY

By _____
Authorized Signatory

TEMPORARY RECEIPT -- Exchangeable for Definitive Engraved Receipt When Ready
for Delivery

NUMBER

DEPOSITARY SHARES

SEE REVERSE FOR ADDITIONAL
INFORMATION AND CERTAIN DEFINITIONS

CUSIP _____

DEPOSITARY RECEIPT FOR DEPOSITARY SHARES,
EACH REPRESENTING 1/4 OF A SHARE OF

_____ % CUMULATIVE, CONVERTIBLE PREFERRED STOCK, SERIES A, WITHOUT PAR VALUE,
OF

INDEPENDENT BANK CORPORATION

(Incorporated under the laws of the State of Michigan)

THIS DEPOSITARY RECEIPT IS TRANSFERABLE IN BOSTON OR IN THE CITY OF NEW YORK

STATE STREET BANK AND TRUST COMPANY, as Depositary (the "Depositary"), hereby
certifies that

is the registered owner of

DEPOSITARY SHARES

("Depositary Shares"), each Depositary Share representing one fourth (1/4) of
one share of _____ % Cumulative, Convertible Preferred Stock, Series A,
without par value (the "Stock"), of Independent Bank Corporation, a corporation
duly organized and existing under the laws of the State of Michigan (the
"Company"), on deposit with the Depositary, subject to the terms and entitled
to the benefits of the Deposit Agreement dated as of October ____, 1996 (the
"Deposit Agreement"), among the Company, the Depositary and the holders from
time to time of Receipts for Depositary Shares. By accepting this Receipt, the
holder hereof becomes a party to and agrees to be bound by all the terms and
conditions of the Deposit Agreement. This Receipt shall not be valid or
obligatory for any purpose or entitled to any benefits under the Deposit
Agreement unless it shall have been executed by the Depositary by the manual or
facsimile signature of a duly authorized officer or, if a Registrar in respect
of the Receipts (other than the Depositary) shall have been appointed, by the
manual signature of a duly authorized officer of such Registrar.

Dated: STATE STREET BANK AND TRUST COMPANY,
as Depositary, Transfer Agent and Registrar

By

Authorized Signatory

[FORM OF REVERSE OF RECEIPT]

INDEPENDENT BANK CORPORATION

INDEPENDENT BANK CORPORATION WILL FURNISH WITHOUT CHARGE TO EACH REGISTERED HOLDER OF A RECEIPT WHO SO REQUESTS A COPY OF THE DEPOSIT AGREEMENT AND A STATEMENT OR SUMMARY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OR SERIES THEREOF WHICH THE COMPANY IS AUTHORIZED TO ISSUE AND OF THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS. ANY SUCH REQUEST IS TO BE ADDRESSED TO THE DEPOSITARY NAMED ON THE FACE OF THIS RECEIPT.

The following abbreviations when used in the instructions on the face of this receipt shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenant in common	UNIF GIFT MIN ACT -	Custodian

		(Cust) (Minor)
TEN ENT - as tenants by the entireties	Under Uniform Gifts to Minors Act	
JT TEN - as joint tenants with right of survivorship and not as tenants in common	-----	
	(State)	

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

_____ Depository Shares represented by the within Receipt, and do hereby irrevocably constitute and appoint _____ Attorney to transfer the said Depository Shares on the books of the within named Depository with full power of substitution in the premises.

Date _____

NOTICE: The signature to the assignment must correspond with the name as written upon the face of this Receipt in every particular, without alteration or enlargement or any change whatever.

AGREEMENT TO PURCHASE ASSETS

AND ASSUME LIABILITIES

BY AND BETWEEN

FIRST OF AMERICA BANK-MICHIGAN,
NATIONAL ASSOCIATION

AND

INDEPENDENT BANK EAST MICHIGAN

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AGREEMENT TO PURCHASE ASSETS
AND ASSUME LIABILITIES

THIS AGREEMENT TO PURCHASE ASSETS AND ASSUME LIABILITIES ("Agreement") is made and entered into this 18th day of September, 1996 by and between FIRST OF AMERICA BANK-MICHIGAN, NATIONAL ASSOCIATION (the "SELLER"), a national banking association with its headquarters located at 108 East Michigan Avenue, Kalamazoo, Michigan 49007 and INDEPENDENT BANK EAST MICHIGAN (the "BANK"), a Michigan state banking corporation with its headquarters located at 1111 West Caro Road, Caro, Michigan 48723.

WITNESSETH

WHEREAS, SELLER owns and operates branch offices located at 305 East Huron Avenue, Bad Axe, Michigan; 6727 Main Street, Caseville, Michigan; 47 North Main Street, Elkton, Michigan; 25 West Kinde Road, Kinde, Michigan; 4495 Garfield, Ubyly, Michigan; 655 North Port Crescent, Bad Axe, Michigan; 1 West Main Street, Sebawaing, Michigan; and 4761 State Street, Gagetown, Michigan (the "Branch Offices").

WHEREAS, SELLER desires to sell and the BANK desires to acquire and operate the Branch Offices, and, in that regard, SELLER desires to sell and the BANK desires to acquire certain assets related thereto, including certain loans maintained at the Branch Offices.

WHEREAS, SELLER desires to transfer and the BANK desires to assume certain deposit accounts maintained at or for the Branch Offices and certain other liabilities pertaining to the continuing operations thereof.

NOW, THEREFORE, in consideration of the premises and agreements herein contained, and for other consideration the receipt and sufficiency of which are hereby acknowledged, the BANK and SELLER agree as follows:

ARTICLE ONE: PURCHASE OF ASSETS, REAL ESTATE
AND ASSUMPTION OF DEPOSIT LIABILITIES

1.1 Purchased Assets. For the consideration, in the manner and upon the terms and conditions hereinafter set forth, SELLER hereby agrees to sell, convey, transfer and assign to the BANK and the BANK hereby agrees to accept and assume from SELLER, as of the close of business on the Closing Date (as hereinafter defined), certain assets relating to the Branch Offices (the "Assets") as follows:

A. Real Estate. All of SELLER'S interest in the real estate located at 305 East Huron Avenue, Bad Axe, Michigan; 6727 Main Street, Caseville, Michigan; 47 North Main Street, Elkton, Michigan; 25 West Kinde Road, Kinde, Michigan; 4495 Garfield, Ubyly, Michigan; 655 North Port Crescent, Bad Axe, Michigan; 1 West Main

Street, Sebewaing, Michigan; and 4761 State Street, Gagetown, Michigan, more particularly described in Exhibit A hereto (the "Real Estate").

B. Cash. All cash on hand at the Branch Offices as of the close of business on the Closing Date ("Cash on Hand").

C. Loans. The commercial loans listed in Schedule I hereto (the "Commercial Loans") and all loans secured by Deposit Liabilities (as hereinafter defined) and account loans ("Account Loans" shall include overdraft checking account loans) associated with the Branch Offices, together with unpaid accrued interest thereon (the "Purchased Loans"). The loans secured by deposit liabilities and Account Loans are collectively referred to as "Deposit-Related Loans." Notwithstanding the foregoing, the Purchased Loans shall exclude (1) any Commercial Loan which is not properly classified in attached Schedule I according to the eight point scale utilized by SELLER, and (2) any Deposit-Related Loans as to which (i) the documentation does not meet the usually and customary standards of the banking industry; (ii) there is a material default or a reasonable doubt as to the collectibility of amounts which may be or become due and owing; or (iii) there is any pending or threatened litigation involving the loan or the deposits securing the loan.

D. Personal Property. All furniture, equipment, fixtures, and other tangible personal property, excluding signage located at the Branch Offices, which is described in Schedule II to this Agreement (the "Personal Property").

E. Books and Records. All books, records, files and other documentation in the possession of SELLER directly relating to the Assets and Assumed Liabilities, including the "Deposits" (as defined in Section 1.2) and the Purchased Loans.

The Real Estate and the Personal Property are being sold to the BANK on an "as is" basis, except as otherwise stated in this Agreement.

1.2 Assumption of Liabilities. Upon the terms and subject to the conditions hereinafter set forth and except as otherwise provided herein, SELLER hereby agrees to transfer and assign, and the BANK hereby agrees to accept and assume from SELLER, certain liabilities relating to the Branch Offices (the "Assumed Liabilities") as follows:

A. Deposit Liabilities. All liabilities for payment of deposits maintained at the Branch Offices as of the close of business on the Closing Date, together with unpaid accrued interest thereon through the Closing Date ("Deposits" or "Deposit Liabilities"), except for deposits which cannot lawfully be transferred.

B. Assigned Contracts. All obligations of SELLER under any and all contracts relating to the operation or maintenance of the Branch Offices that are assignable by SELLER to the BANK and as are identified in Schedule III hereto.

C. Unless BANK elects otherwise, excluded from the definition of Deposits and Deposit Liabilities and from the scope of this Agreement are all the following: (1) any deposits over which SELLER or its affiliates will continue to have investment authority or discretion following the Closing Date; or (2) negotiated certificates of deposit with governmental or other institutional or commercial customers which at or before maturity will have a balance (including principal and interest) of \$100,000 or more ("Jumbo CDS") (collectively referred to as the "Excluded Deposits"). Prior to the Closing, the BANK may, at its sole option, elect to assume some or all of the Excluded Deposits. If the BANK elects to assume any Excluded Deposit, those Excluded Deposits shall be included among the Deposit Liabilities defined above. Selection of those Excluded Deposits which the BANK desires to assume shall be completed and written notice thereof given to SELLER not less than 40 days prior to the Closing Date, to permit notices to customers to be sent if and as required by law, by contract with the customers or as contemplated under this Agreement.

D. Escrow Accounts. All escrow accounts, if any, for the payment of taxes, insurance, or other like payments with respect to the Purchased Loans (collectively the "Escrows").

ARTICLE TWO: CLOSING

2.1 The Closing. The purchase and sale of the Assets, and transfer and assumption of the Assumed Liabilities by the BANK hereunder shall be consummated subject to the terms and conditions of this Agreement following a Closing (the "Closing") to be held at the offices of SELLER, or such other location as the parties may agree, on such date ("the Closing Date") which shall be such date as the parties shall mutually agree upon. The transactions contemplated hereby shall become effective at the close of business ("Effective Time") on the Closing Date.

2.2 Purchase and Sale of Assets. On the Closing Date and subject to the terms and conditions set forth in this Agreement, SELLER shall convey, assign, and transfer to the BANK and the BANK shall purchase from SELLER all of SELLER'S right, title, and interest in the Assets.

2.3 Assumption of Liabilities.

(a) On the Closing Date, subject to the terms and conditions set forth in this Agreement, the BANK shall assume liability for the payment and performance of SELLER'S obligations accruing after the Closing Date for the Deposit Liabilities in accordance with the terms of such Deposit Liabilities in effect on the Closing Date provided, however, nothing herein shall preclude the BANK from thereafter changing the terms and conditions of such Deposit Liabilities to the extent that it can do so in accordance with the terms of the agreements with customers associated with the Deposit Liabilities and in accordance with applicable law.

(b) On the Closing Date, the BANK will assume the obligations of SELLER with respect to the Purchased Loans and the Assigned Contracts and obligations of SELLER to provide services incidental to the Branch Offices and the assumption of the Deposit Liabilities accruing after the Closing Date in accordance with the terms thereof.

2.4 Payment for Assets and Assumption of Liabilities. On the Closing Date, SELLER shall pay to the BANK, by wire transfer in immediately available funds to an account designated by the BANK, the amount of the Deposit Liabilities and the Escrows as estimated as of the close of business on the third day immediately preceding the Closing Date (the "Estimation Date") plus the amount of the unearned fees associated with letters of credit included in the Purchased Loans (prorated to the Closing Date) plus the net amount of any prorated items required by Section 2.7 hereof owed by SELLER to the BANK and less the sum of: (a) the amount of all Cash on Hand as of the close of business on the Estimation Date; (b) the net amount of any prorated items required by Section 2.7 hereof owed by the BANK to SELLER; (c) the net book value as of the close of business on the Estimation Date of the Personal Property; (d) the net book value as of the Estimation Date of the Purchased Loans; (e) the "Purchased Loan Premium" which shall equal the product of the Purchased Loans listed in Schedule I as of the Estimation Date multiplied by 1% (0.01); (f) the "Deposit Premium," which shall equal the product of the amount of the Deposit Liabilities as of the Estimation Date multiplied by 6.875% (0.06875); and (g) the net book value as of the close of business on the Estimation Date of the Real Estate. The BANK and SELLER shall agree in writing upon the allocation of such amount among various categories of assets being acquired by the BANK. The BANK and SELLER agree to be bound by the allocation for all purposes, including reporting to the Internal Revenue Service under Section 1060 of the Internal Revenue Code, as amended ("IRC").

2.5 Fiduciary Relationships. As and to the extent legally permissible, the BANK shall assume all of the fiduciary relationships of SELLER arising out of any Individual Retirement Account ("IRA") included in the Deposit Liabilities, and with respect to such accounts, the BANK shall succeed to all such fiduciary relationships of SELLER as fully and to the same extent as if the BANK had originally acquired, incurred, or entered into such fiduciary relationships.

2.6 Names and Marks. SELLER is not selling, assigning, conveying, transferring or delivering, nor shall the BANK acquire, any rights or interest in or to: (a) the name "First of America" or any derivation thereof; or (b) any logos, service marks or trademarks, advertising materials or slogans or any similar items used by SELLER in connection with its business.

2.7 Prorations. The Federal Deposit Insurance Corporation ("FDIC") premium with respect to the Deposit Liabilities for the quarterly assessment period in which the Closing Date occurs, all taxes associated with the Real Estate, assessments, utility payments, payments due on Assigned Contracts, and similar expenses related to the Assets transferred

hereunder shall be prorated between the parties on the basis of a 30-day month and 360-day year as of the Closing Date. Taxes shall be prorated as though all tax bills which are received in a particular year are payable for that calendar year. The FDIC premium shall be prorated as though all of the Deposit Liabilities are insured as Savings Association Insurance Fund ("SAIF") deposits. Any items susceptible of being prorated but which cannot be prorated by the Closing Date shall be prorated as soon as the requisite information becomes available. Such adjustments after the Closing Date shall take place at a mutually agreeable time and place within twenty (20) business days of the Closing Date.

2.8 Transitional Matters.

(a) During the ninety (90) day period following the Closing Date, the BANK shall pay, in accordance with law and customary banking practices, all properly drawn and presented checks, and automated clearinghouse debits and credits, ATM deposits and withdrawals, drafts and withdrawal orders presented to the BANK by mail, over the counter through the check clearing system of the banking industry, by depositors of the Deposit Liabilities on checks, drafts or withdrawal order forms provided by SELLER, and in all other respects, to discharge, in the usual course of the banking business, the duties and obligations of SELLER with respect to the balances due and owing to the depositors whose deposits are assumed by the BANK.

(b) If any of the depositors of the Deposit Liabilities, instead of accepting the obligations of the BANK to pay the Deposit Liabilities, shall demand payment from SELLER for all or any part of any of the Deposit Liabilities, SELLER may make such payment. If any of such depositors draws a check, has or makes an automated clearinghouse generated debit with respect to his or her account, makes an ATM withdrawal, draft or withdrawal order against the Deposit Liabilities, including accrued interest, assumed from SELLER, which is presented or charged to SELLER within thirty (30) days after the Closing Date, SELLER may pay the same and the BANK will reimburse SELLER for any such payment or charges provided there are sufficient funds in the depositor's account. The BANK and SELLER shall settle within twenty-four (24) hours any such deposits PAID by SELLER and any checks, drafts or orders of withdrawal presented by SELLER to the BANK so long as presentment is made by 3:00 p.m. on the day of presentment of such item by the depositor whose account is being assumed by the BANK. In order to reduce the continuing charges to SELLER through the check clearing system of the banking industry which will result from check forms of SELLER being used after the Closing Date by the depositors whose accounts are assumed, the BANK agrees, at its sole cost and expense, and without charge to such depositors, to notify such depositors, as soon as practicable after the Closing Date, of the BANK'S assumption of the Deposit Liabilities and to furnish each depositor with checks on the forms of the BANK, and with instructions to utilize the BANK'S checks and to destroy unused checks of SELLER.

(c) For a period of thirty (30) days after the Closing Date, SELLER (within thirty (30) hours of receipt thereof) shall deliver to the BANK a detailed list of checks presented to SELLER for payment which are drawn on accounts which are included in the Deposit Liabilities. Within forty-eight (48) hours, SELLER shall deliver to the BANK the checks detailed on such lists. The BANK will reimburse SELLER for its expenses reasonably incurred in the performance hereof. This subsection shall not be deemed to authorize SELLER to act as the BANK'S agent to accept or take any action with respect to such checks.

(d) Any direct deposits by or for the benefit of a depositor having an account included in the Deposit Liabilities received by SELLER shall be delivered to the BANK by the date which such deposit is required to be credited to the customer's account. A wire transfer of the deposited funds shall be acceptable for purposes of this subsection. This subsection shall not be deemed to authorize SELLER to act as the BANK'S agent to accept or take any other action with respect to such direct deposits.

(e) For a period of thirty (30) days after the Closing Date, any payments on the account of the Purchased Loans received by SELLER shall be delivered to the BANK within forty-eight (48) hours of SELLER'S receipt, provided that this shall not be deemed to authorize SELLER to act as the BANK'S agent to accept or take any other action with respect to such loan payments.

(f) If at the Effective Time there exists a negative balance in a deposit account, that account will be transferred to the BANK and that negative balance will be netted against other positive balances in aggregating total Deposit Liabilities for all transferred accounts. If on or before the twentieth (20th) business day following the Closing Date the customer has not deposited sufficient money to cover that negative balance, then upon the BANK'S request, SELLER shall reimburse the BANK for that amount (to be effected as part of the Adjustment Payment contemplated in Section 2.9 below) in exchange for the BANK'S assignment to SELLER of the BANK'S claim against the customer. SELLER'S reimbursement shall be limited to the amount of the negative balance in the account at the Effective Time, less any deposits to the account after the Effective Time and prior to the twentieth (20th) day following the Closing Date.

2.9 Post-Closing Adjustments. Within twenty (20) business days after the Closing Date ("Adjustment Payment Date"), the parties shall make an appropriate post-closing adjustment payment (the "Adjustment Payment"), consistent with the express terms of this Agreement with respect to the Deposit Liabilities, prorated items owed by either party and all items listed in Subparagraphs (a), (b), (c), (d), (e), (f) and (g) of Section 2.4 determined as of the close of business on the Closing Date. The Adjustment Payment shall be paid by wire transfer to the previously designated accounts, by SELLER or by the BANK, on or before the Adjustment Payment Date. Interest on the amount of the Adjustment Payment for the period from the Closing Date to the Adjustment Payment Date shall be due to the party

receiving the Adjustment Payment. Interest shall be calculated at a rate equal to the average of the high and low bids for Federal Funds (on the basis of a 360-day year) as reported in The Wall Street Journal on the Closing Date, or, if none, on the date immediately prior to the Closing Date on which such bids were reported in The Wall Street Journal.

ARTICLE THREE: THE BANK'S
REPRESENTATIONS AND WARRANTIES

The BANK represents and warrants to SELLER as follows:

3.1 Authority Relative to this Agreement. The execution, delivery and performance of this Agreement by the BANK have been duly authorized and approved by all necessary corporate action on the part of the BANK, and this Agreement is legally binding and enforceable against the BANK in accordance with its terms. This Agreement and the transactions contemplated hereby do not and will not violate any of the provisions of, or constitute a default under: (a) the Charter or Bylaws of the BANK; or (b) any other material agreement, commitment or instrument to which the BANK is a party or by which any of its properties or assets are bound.

3.2 Organization and Good Standing. The BANK is a state bank duly organized, validly existing and in good standing under the laws of the State of Michigan and all of its deposits are insured by the FDIC through the Bank Insurance Fund ("BIF") or SAIF and it has the corporate power to carry on its business as it is now being conducted and to consummate the transactions contemplated by this Agreement. The Bank acknowledges and agrees that all of the Deposit Liabilities being transferred to the Bank by Seller pursuant to this Agreement will upon transfer be deemed by the FDIC to be insured through SAIF and will be required to be maintained as SAIF deposits by the Bank.

3.3 Governmental Notices. The BANK has received no notice from any federal, state, or other governmental agency indicating that such agency would oppose or not grant or issue its consent or approval, if required, with respect to the transactions contemplated hereby.

3.4 Litigation. There is no action, suit, or proceeding pending against the BANK or, to the knowledge of the BANK, threatened against or affecting the BANK before any court or arbitrator or any governmental body, agency, or official which could materially adversely affect the ability of the BANK to perform its obligations under this Agreement or which in any manner questions the validity of this Agreement.

3.5 Other Information. To its knowledge, no representation or warranty by the BANK contained in this Agreement, or disclosure by the BANK in any certificate or other instrument or document furnished or to be furnished by or on behalf of the BANK pursuant to this Agreement, and no information furnished or to be furnished by the BANK for use in

applications to various regulatory authorities contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated herein or therein or which is necessary to make the statements contained herein or therein, in light of the circumstances under which they were or are made, not misleading in any material respect.

3.6 Advice of Changes. Between the date hereof and the Closing Date, the BANK shall promptly advise SELLER in writing of any fact which, if existing or known as of the date hereof, would have been required to be set forth or disclosed in or pursuant to this Agreement or of any fact which, if existing or known as of the date hereof, would have made any of the representations contained herein untrue in any material respect.

ARTICLE FOUR: SELLER'S
REPRESENTATIONS AND WARRANTIES

SELLER represents and warrants to the BANK as follows:

4.1 Authority Relative to this Agreement. The execution, delivery and performance of this Agreement by SELLER have been duly authorized and approved by all necessary corporate action on the part of SELLER, and this Agreement is legally binding and enforceable against SELLER in accordance with its terms. This Agreement and the transactions contemplated hereby do not and will not violate any of the provisions of, or constitute a default under: (a) the Articles of Association or Bylaws of SELLER; or (b) any other material agreement, commitment or instrument to which SELLER is a party or by which any of its properties or assets are bound.

4.2 Organization and Good Standing. SELLER is a national banking association duly organized, validly existing and in good standing under the laws of the United States and all of its deposits are insured by the FDIC through BIF or SAIF and it has corporate power to carry on its business, including the business of the Branch Offices, as it is now being conducted and to consummate the transactions contemplated by this Agreement. SELLER has fully paid all deposit insurance assessments presently due and payable with respect to the Deposit Liabilities and this deposit insurance is presently in full force and effect.

4.3 Governmental Notices. SELLER has received no notice from any federal, state, or other governmental agency indicating that such agency would oppose or not grant or issue its consent or approval, if required, with respect to the transactions contemplated hereby.

4.4 Litigation. There is no action, suit, proceeding or investigation of any nature pending, or to the knowledge of SELLER, threatened against or affecting SELLER before any court or arbitrator or any governmental body, agency, or official or otherwise that challenges the validity or legality of the transactions contemplated by this Agreement or which would adversely affect the Assets or the Branch Offices or which could materially adversely affect the ability of SELLER to perform its obligations under this Agreement.

4.5 Proceedings Relating to Properties. No proceedings to take all or any part of the Real Estate by condemnation or right of eminent domain are pending or, to the best of SELLER'S knowledge, threatened and SELLER'S use of the Real Estate is not, and no complaints have been received by SELLER that SELLER is, in violation of applicable building, zoning, safety or similar laws, ordinances or regulations. There are no special or general assessments pending against or affecting the Real Estate, and, to the best of SELLER'S knowledge, no public improvements have been recently made which would cause special or general assessments to be assessed against the Real Estate. Except for any encroachment which does not materially affect the use or value of the premises: (a) to the best of SELLER's knowledge, there is no encroachment upon the Real Estate from any buildings or improvements, if any, located on the adjacent property; and (b) to the best of SELLER's knowledge, there is no encroachment by the Real Estate upon any adjacent property or upon any easements with respect to the adjacent property. There are no leases or other agreements by which any person possesses or has a right to possess all or any portion of the Real Estate other than those described in this Agreement or exhibits to this Agreement. To the best of SELLER's knowledge, and except as disclosed by title insurance binder or by survey, there is no violation of any applicable building restriction or restrictive covenant. To the best of SELLER's knowledge, the Real Estate is adequately serviced by all utilities necessary for effective operation as presently used for a financial institution office.

4.6 Taxes, Insurance and Utilities. SELLER has paid all property, excise, sales and use and other taxes imposed by any taxing authority which are due and payable, and there are no unpaid taxes which could result in liens being placed on the Assets or the Deposit Liabilities. SELLER shall maintain in full force and effect through the Closing Date its present insurance coverage as it relates to the Assets. SELLER shall pay all utilities through the Closing Date. SELLER has duly and timely withheld and paid to the appropriate governmental agencies all withholding taxes, including any related penalties, interest and deficiencies, relating to the payment of interest, earnings or dividends on the deposit liabilities. For all completed years, SELLER has duly and timely sent to each account holder with respect to the Deposit Liabilities an Internal Revenue Service Form 1099 (or a substitute form permitted by law) relating to the interest, earnings or dividends paid on the Deposit Liabilities for those periods.

4.7 Financial Statements. The financial information and all other information supplied or to be supplied by SELLER to the BANK in connection with the transactions contemplated hereby is or will be true and complete and fairly represent the information set forth therein as of the dates and for the periods specified therein (subject, with respect to statements covering a portion of a year, to normal year-end adjustments and accruals).

4.8 Compliance with Law. The business and operations of the Branch Offices have been and are being conducted in accordance with all applicable laws, rules, and regulations of all authorities, including, without limitation, all regulations pertaining to the receipt of customer information required by state and federal law concerning taxpayer identification numbers, social security numbers and the like, laws and regulations concerning

truth-in-lending, truth-in-savings, usury, fair credit reporting, consumer protection, occupational safety, civil rights, employee protection, fair employment practices, and fair labor standards; and insurance laws.

4.9 Employee Contracts. There are no employment contracts between SELLER and any of the Employees (as that term is hereinafter defined) not terminable on thirty (30) days' notice or less after the Closing Date. SELLER is not a party to any contract or arrangement with any union relating to the business conducted at the Branch Offices and SELLER is not aware of any pending organizational efforts at the Branch Offices. To the best of its knowledge, there has been no indication to SELLER that a union organizational effort or labor disturbance is likely at the Branch Offices prior to the Closing Date.

4.10 Forms. Within thirty (30) days from the date of this Agreement, SELLER will provide the BANK with copies of the forms of signature cards, deposit account forms, Regulation E disclosures, Truth-in-Savings disclosures, deposit account agreements, and IRA trust agreements and beneficiary designations, as well as the forms of any other instruments or agreements presently in use at the Branch Offices in connection with the Deposit Liabilities. For purposes of this Section 4.10, all referenced documents shall be the forms used by SELLER as of the date of this Agreement for new customers.

4.11 Deposit Liabilities. During the period of SELLER'S operation of the Branch Offices, SELLER has properly accrued interest on the Deposit Liabilities and, to the best of SELLER'S knowledge, the records respecting the Deposit Liabilities accurately reflect such accruals of interest. A listing of all deposits at the Branch Offices as of July 31, 1996, is included in Schedule IV to this Agreement.

4.12 Loans. The Purchased Loans are evidenced by promissory notes or other evidences of indebtedness which, with all ancillary security documents, constitute valid and binding obligations of SELLER and, to the best of SELLER'S knowledge, each of the other parties thereto, enforceable in accordance with their terms, except as limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights and remedies generally from time to time in effect and by applicable laws which may affect the availability of equitable remedies.

4.13 Other Information. No representation or warranty by SELLER contained in this Agreement, or disclosure by SELLER in any certificate or other instrument or document furnished or to be furnished by or on behalf of SELLER pursuant to this Agreement, and no information furnished or to be furnished by SELLER for use in applications to various regulatory authorities contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated herein or therein or which is necessary to make the statements contained herein or therein, in light of the circumstances under which they were or are made, not misleading in any material respect.

4.14 Advice of Changes. Between the date hereof and the Closing Date, SELLER shall promptly advise the BANK in writing of any fact which, if existing or known as of the date hereof, would have been required to be set forth or disclosed in or pursuant to this Agreement or of any fact which, if existing or known as of the date hereof, would have made any of the representations contained herein untrue in any material respect.

4.15 Absence of Material Adverse Change. Since July 31, 1996, or such earlier date stated in and with respect to information in the bid package, there has been no material adverse change in the business, properties, operations or prospects with respect to the Branch Offices. No facts or circumstances have been discovered from which it reasonably appears that there is a significant risk that there will occur a material adverse change in the business, properties, operations or prospects of the Branch Offices.

4.16 Title to Property, etc. SELLER has and, upon consummation of this transaction will have transferred to Buyer, good and marketable title to each of the Assets free and clear of any mortgages, liens, encumbrances, charges, easements or restrictions of any kind whatsoever other than (i) beneficial easements and restrictions of record which will not impair the BANK's intended use of the Property, and (ii) such easements or restrictions as may be specifically approved in writing by the BANK. No claims or allegations have been made or threatened which, if substantiated, would make the foregoing representation and warranty untrue in any respect.

4.17 Environmental Matters. All of the following representations and warranties are subject to matters disclosed in the Phase I Report (as hereinafter defined). There are no material actions, suits, investigations, liabilities, inquiries or other proceedings, rules, orders or citations involving the Branch Offices, pending or, to the knowledge of SELLER threatened, as a result of any failure of SELLER or any predecessor to SELLER to comply with any requirement of federal, state, local or foreign law, civil or common, or regulation relating to air, water, soil, solid waste management, hazardous or toxic substances, or the protection of health or the environment, nor is there, to the knowledge of SELLER any basis for any of the foregoing. None of the Real Estate of the Branch Offices is, to the best knowledge of SELLER, contaminated with any waste or hazardous substances. To the knowledge of SELLER, with respect to the Branch Offices, SELLER is not and may not be deemed to be an "owner or operator" of a "facility" or "vessel" which owns, possesses, transports, generates or disposes of a "hazardous substance," as those terms are defined in Section 9601 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USCA Section 9601, et seq. SELLER has no knowledge of any material environmental defect in or associated with the Branch Offices or the Real Estate and has no knowledge of any condition existing thereon which to its knowledge and belief would give rise to liability of the BANK under federal, state or local environmental laws and regulations. SELLER has not received notification from any person that any hazardous substances defined under Section 104(4) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, has been disposed of, buried underneath, percolated

beneath or otherwise exists on the Real Estate or that it is a "potentially responsible party" as defined under the above mentioned statute.

4.18 Change in Business Relationships. Except as contemplated by this Agreement, SELLER has no knowledge, whether on account of this transaction or otherwise, that: (a) any customer, agent, representative, or supplier of SELLER with respect to the Branch Offices intends to discontinue, diminish, or change its relationship with SELLER or the Branch Offices, the effect of which would be material to the business of the Branch Offices; or (b) any person employed at a Branch Office has given notice to SELLER's human resources officer that he or she intends to terminate his or her employment during the twelve (12) months following the date of this Agreement

ARTICLE FIVE: COVENANTS OF THE BANK

The BANK hereby covenants and agrees with SELLER as follows:

5.1 Conduct of Business; Certain Covenants. From and after the execution and delivery of this Agreement and until the Closing Date, the BANK will: (a) conduct its business and operate only in accordance with sound banking and business practices; and (b) remain in good standing with all applicable banking regulatory authorities.

5.2 Confidentiality. The BANK will cause all internal, nonpublic financial and business information obtained by it from SELLER or otherwise to be treated confidentially (exercising the same degree of care as it uses to preserve and safeguard its own confidential information); provided, however, that notwithstanding the foregoing, nothing contained herein shall prevent or restrict the BANK from making such disclosure thereof as may be required by law or as may be required in the performance of this Agreement. If the transactions contemplated hereby shall not take place, all nonpublic financial statements, documents and other materials of SELLER and all copies thereof shall be returned to SELLER and shall not thereafter be used by the BANK.

5.3 Required Approvals. As soon as practicable after the execution of this Agreement, the BANK shall at its expense: (a) submit applications with the FDIC and the Michigan Financial Institutions Bureau for permission to acquire the Deposit Liabilities and to establish branch offices at the locations at which the Branch Offices are located; and (b) prepare and submit for filing any and all other applications, filings, and registrations with, and notification to, all federal and state authorities required on the part of the BANK for the transactions described in this Agreement to be consummated. Thereafter, the BANK shall pursue all such applications, filings, registrations, and notifications diligently and in good faith, and shall file such supplements, amendments, and additional information in connection therewith as may be reasonably necessary for the transactions contemplated herein to be consummated. The BANK shall deliver to SELLER, as soon as is reasonably practicable after the filing thereof, copies of each and all of such applications, filings, registrations, and notifications (except for any portions thereof deemed confidential by the BANK), and any

supplement, amendment, or item of additional information in connection therewith (except for any portions thereof deemed confidential by the BANK). The BANK shall also deliver promptly to SELLER a copy of each material notice, order, opinion, and other item of correspondence received by the BANK from such federal and state authorities (except for any portions thereof deemed confidential by the BANK) and shall advise SELLER, at SELLER'S request, of developments and progress with respect to such matters.

5.4 Use of SELLER'S Name. On and after the Closing Date, the BANK shall not use the name of SELLER in any manner in connection with the operation of the Branch Offices. No activity conducted by the BANK on or after the Closing Date shall state or imply that SELLER is in any way involved as a partner, joint venturer or otherwise in the business of the BANK.

5.5 Best Efforts to Satisfy Conditions. The BANK covenants with and agrees that it: (a) will use its best efforts to satisfy the conditions to which the obligations of SELLER are subject pursuant to this Agreement on or prior to the Closing Date; and (b) will fully cooperate to facilitate the consummation of the transactions contemplated by this Agreement, including but not limited to the operational aspects of the transfer of the Deposit Liabilities and the change of signage.

5.6 Further Assurances. On and after the Closing Date, the BANK shall give such further assurances to SELLER and, upon SELLER'S request, shall execute, acknowledge and deliver all such acknowledgments and other instruments and take such further action as may be necessary and appropriate to effectively relieve and discharge SELLER from any obligations remaining under the Deposit Liabilities.

ARTICLE SIX: COVENANTS OF SELLER

SELLER hereby covenants and agrees with the BANK as follows:

6.1 Access to Records and Information; Personnel; Customers. Between the date of this Agreement and the Closing Date, SELLER shall afford to the BANK and its authorized agents and representatives access, during normal business hours and upon reasonable notice, to the properties, operations, books, records, contracts, documents and other information of or relating to the Branch Offices. If such books, records, contracts, documents or other information is not located at the Branch Offices, SELLER, upon the BANK'S request, will make the same (or copies thereof) available at the Branch Offices to the extent it is reasonably practicable to do so. SELLER shall cause its personnel to provide assistance in the BANK'S investigation of matters relating to the Branch Offices; provided, however, that the BANK'S investigation shall be conducted in a manner which does not unreasonably interfere with SELLER'S normal operations, customers and employee relations and provided further that the right of access and examination granted hereby is subject to the requirements of financial privacy laws or similar laws relating to account holders and other records.

6.2 Conduct of Business; Certain Covenants. From and after the execution and delivery of this Agreement and until the Closing Date, SELLER will: (a) conduct the business of the Branch Offices only in the usual and ordinary course of business; (b) retain all necessary business permits, licenses, registrations and authorizations relating to the Branch Offices; and (c) use its best efforts to maintain all existing contracts, customers, account relationships and all other customer agreements, relationships and business of the Branch Offices.

6.3 Employee Matters. Beginning after a date mutually agreed by SELLER and the BANK but not later than thirty (30) days prior to the Closing Date, the BANK shall have the right to discuss with any or all employees of the Branch Offices the possibility of their employment by the BANK after the Closing Date. On or before the Closing Date, SELLER shall notify in writing all employees of the Branch Offices (the "Employees") that the business of SELLER has been or will be transferred to the BANK and that the BANK may offer to employ, effective on the day following the Closing Date, such Employees as it at its sole discretion so elects on terms and conditions of employment established by the BANK. As of the Closing Date, all Employees that the BANK elects to hire shall be discharged by the SELLER. SELLER shall be solely responsible for its obligations to all discharged Employees, whether or not such discharged Employees are hired by the BANK. Nothing contained herein shall preclude SELLER from permitting an employee who declines employment with the BANK from accepting another position with SELLER provided that SELLER has not encouraged such employee to decline to accept such position with the BANK or to seek another position with the SELLER. SELLER covenants with the BANK that prior to closing, SELLER shall not, without the BANK's prior consent (i) increase the aggregate full-time equivalent size of the work force at the Branch Offices above the level existing at the date hereof or alter the composition of the work force at the Branch Offices from the composition existing at the date hereof, (ii) encourage any Employee to refuse an offer of employment by the BANK, (iii) enter into any employment contract with any Employee, or (iv) increase the gross annual compensation of any Employee pursuant to any evaluation other than in the normal course of business. Notice of any increase in compensation for any Employee shall be given to the BANK as soon as possible.

6.4 Negative Covenants. Except as may be required by regulatory authorities, SELLER shall not, without the prior written consent of the BANK: (a) transfer to SELLER'S other branches any of the Assets (it being understood that any loans not being transferred pursuant hereto are not included in such prohibition against transfer); (b) transfer to SELLER'S other branches any of the Deposit Liabilities (it being understood that any deposits not being transferred pursuant hereto are not included in such prohibition against transfer) except upon the unsolicited request of a depositor in the ordinary course of business; (c) transfer, assign, encumber or otherwise dispose of or enter into any contract, agreement or understanding to transfer, assign, encumber or otherwise dispose of any of the Assets except in the ordinary course of business; (d) invest in any fixed assets or improvements to the Branch Offices, except for improvements currently in progress; (e) enter into any contract, commitment, lease or other transaction relating to the Branch Offices, except in the ordinary

course of business that can be terminated upon notice of thirty (30) days or less; or (f) offer interest rates on any deposit account at the Branch Offices in excess of those interest rates paid on similar deposit accounts at SELLER's other branches which are located in the same general area as the Branch Offices.

6.5 Confidentiality. SELLER will cause all internal, nonpublic financial and business information obtained by it from the BANK or otherwise to be treated confidentially (exercising the same degree of care as it uses to preserve and safeguard its own confidential information); provided, however, that notwithstanding the foregoing, nothing contained herein shall prevent or restrict SELLER from making such disclosure thereof as may be required by law or as may be required in the performance of this Agreement. If the transactions contemplated hereby shall not take place, all nonpublic financial statements, documents and other materials of the BANK and all copies thereof shall be returned to the BANK and shall not thereafter be used by SELLER in any way detrimental to the BANK.

6.6 Assistance in Obtaining Regulatory Approvals. SELLER agrees to use all reasonable efforts to assist the BANK in obtaining all regulatory approvals necessary to complete the transactions contemplated hereby, and SELLER will provide to the BANK or to the appropriate regulatory authorities all information reasonably required to be submitted by the BANK in connection with such approvals.

6.7 Real Estate, Title, and Surveys. At least thirty (30) business days prior to the Closing Date, SELLER shall deliver to the BANK copies of the deeds which it shall deliver for recordation on the Closing Date which shall be general warranty deeds, subject only to Permitted Exceptions (as hereinafter defined). SELLER will convey good and marketable title to the Real Estate to the BANK subject to Permitted Exceptions. SELLER shall, at its expense, cause to be delivered to the BANK as soon as is reasonably practicable after the date hereof, commitments for title insurance from a nationally recognized title company agreeable to the BANK and SELLER (the "Title Insurer") insuring the title and interest of the BANK in and to the Real Estate (including without limitation, all easements and rights appurtenant thereto), together with copies of all exceptions to title to the Real Estate. In addition an as-built survey of the Real Estate prepared by a licensed surveyor shall be provided to the BANK by SELLER. The cost of the survey shall be borne equally by SELLER and the BANK.

Unless the BANK notifies SELLER of objections to any exceptions shown on the title commitments or of any unacceptable survey defects in writing within twenty (20) days of receipt of the title commitment or survey, as the case may be, all such exceptions or survey defects reflected therein shall be deemed Permitted Exceptions. The term "Permitted Exceptions" shall also mean any or all of the following: (i) those special exceptions acceptable to the BANK including restrictions, easements, rights of way, leases, and encumbrances referred to in the title commitment to be delivered by SELLER to the BANK pursuant to this Agreement which individually or in the aggregate do not materially interfere with the present or intended use of the Real Estate; and (ii) statutory liens for current taxes or assessments not yet due, or if due not yet delinquent, or the validity of which is being

contested in good faith by appropriate proceedings; and (iii) such other liens, imperfections in title, charges, easements, restrictions, and encumbrances which are not yet due and payable and which, individually and in the aggregate, do not materially detract from the value of, or materially interfere with the present or intended use of, the Real Estate.

If title commitments or surveys delivered pursuant to this Section 6.7 disclose title exceptions or survey defects other than Permitted Exceptions, SELLER shall have forty-five (45) days from the date of receipt of notice thereof (and the parties shall postpone the Closing Date, if necessary to enable SELLER to undertake such activities) to have such exceptions or survey defects cleared, or to have the title insurer commit to insure against loss or damage that may be occasioned by such exceptions or survey defects by an endorsement in form and substance satisfactory to the BANK. If the exceptions or survey defects are not removed or endorsements over the exceptions or survey defects are not obtained, the BANK, upon notice to SELLER within fifteen (15) days after the expiration of the 45-day cure period, may elect (i) to terminate this Agreement in which case this Agreement shall be null and void and the parties shall be under no obligation to each other; or (ii) the BANK may elect to take title notwithstanding the exceptions and such exception shall be deemed Permitted Exceptions. SELLER shall be responsible for all real estate transfer taxes.

6.8 Transfer of Data. Within forty-five (45) days of the execution of this Agreement, SELLER shall provide to the BANK the tapes by which SELLER proposes to transfer all data on the Deposit Liabilities. The format to be used for transfer of data will be the format normally used by SELLER in the electronic processing of its accounts. Any changes from the proposed format shall be at the expense of the BANK.

6.9 Signs. SELLER shall, at its own expense, remove exterior signage and the lettering and/or fascia of all interior signs from the Branch Offices. SELLER agrees to remove such lettering and/or fascia from the Branch Offices on or before the Closing Date or such other date as the parties may agree. SELLER shall be responsible for all expenses incurred in patching or repairing the surfaces surrounding the signs. SELLER shall not be responsible for expenses incurred in connection with the construction or placement of any signs by the BANK at the Branch Offices.

6.10 Best Efforts to Satisfy Conditions. SELLER covenants and agrees that it: (a) will use its best efforts to satisfy the conditions to which the obligations of the BANK are subject pursuant to this Agreement on or prior to the Closing Date; and (b) will fully cooperate to facilitate the consummation of the transactions contemplated by this Agreement including but not limited to the operational aspects of the transfer of the Assets and the assumption of the Deposit Liabilities and the change of signage.

6.11 Further Assurances. On and after the Closing Date, SELLER shall give such further assurances to the BANK and, upon the BANK'S request, shall execute, acknowledge and deliver all such acknowledgments and other instruments and take such further action

as may be necessary and appropriate to effectively transfer the Real Estate, the other Assets, and the Deposit Liabilities to the BANK.

6.12 Installation. Following the receipt of all requisite regulatory approvals or such earlier time as the parties may mutually agree, SELLER shall allow the BANK and its representatives reasonable access to the Branch Offices for the installation of telephone data transmission lines, security or alarm devices, and other equipment in order to facilitate the transition of the business conducted at the Branch Offices from SELLER to the BANK at the Closing. BUYER shall not, however, unreasonably disrupt SELLER's operations in carrying out these preparations. If for any reason this transaction is not consummated, the BANK shall, at its expense, remove any such telephone lines and equipment within a reasonable amount of time and restore, to the extent reasonably practicable, the premises to its prior condition.

6.13 Covenant Not to Compete. SELLER hereby covenants and agrees that following the consummation of this transaction and for a period of two (2) years commencing as of the Closing Date:

(a) SELLER shall not establish, acquire, or operate any facilities for the taking of deposits or the production of commercial loans within a ten (10) mile radius of each of the Branch Offices (the "Protected Territory"); and

(b) SELLER shall not solicit or directly communicate with respect to deposit products with any person who is a customer with respect to the Deposit Liabilities for the purpose of inducing such person to borrow or deposit money or to purchase products or services from SELLER or any of its affiliates.

This Section shall not preclude SELLER from making any communication: (i) with any customer who, independent of any solicitation by SELLER subsequent to the Closing Date, is or become SELLER's customer at a location other than a Branch Office; (ii) with any customer who receives periodic statements from SELLER with respect to any outstanding loan or deposit account owned or serviced by or on behalf of SELLER after Closing; or (iii) by means of general advertising or mass mailings or general solicitation which are not specifically targeted to customers of a Branch Office. Additionally, this Section shall not preclude SELLER from acquiring a financial institution which has existing branches within the Protected Territory and shall neither apply to nor restrict the solicitation by SELLER of public unit deposits (i.e., deposits by federal, state, or local units of government, school districts, or governmental agencies). For a period of one (1) year following the Closing Date, SELLER shall not, without the BANK's written consent, solicit the employment by SELLER of any Employee whom the BANK hires.

6.14 Inspection of Premises. Within twenty (20) business days after the date of this Agreement, the BANK may inspect or cause to be inspected the physical condition of the Real Estate and the Personal Property and give SELLER written notice of any conditions which the BANK does not accept. Such inspection may include, at the BANK'S election and expense,

a Phase I environmental assessment. The BANK shall provide SELLER with a copy of the environmental report prepared by its consultant (the "Phase I Report"). In the event that such notice is timely provided to SELLER, SELLER may either elect to cure such conditions to the reasonable satisfaction of the BANK or notify the BANK in writing within ten (10) days of the receipt of such notice from the BANK of its election not to cure the same. In such event and in the event that the BANK'S notice relates to a material environmental condition affecting one or more Branch Offices, the BANK may elect to exclude the affected Branch Office(s) from this transaction by providing written notice thereof to SELLER within five (5) days of the receipt of SELLER'S notice. In the event the BANK makes such election, the BANK shall nevertheless acquire the Purchased Loans and assume the Deposit Liabilities associated with the affected Branch Office(s). Alternatively, if SELLER elects not to cure any condition identified in SELLER'S notice, the BANK may elect to terminate this Agreement by providing written notice thereof to SELLER within five (5) days of the receipt of SELLER'S notice. Failure to deliver any notice required hereby on a timely basis shall constitute a waiver of any objections the BANK may have with respect thereto. All other conditions of the Real Estate or Personal Property shall be deemed accepted by the BANK. Except as to the extent that SELLER otherwise expressly represents and warrants in Article Four, the Real Estate and the Personal Property shall be transferred to the BANK in an "as is" condition.

ARTICLE SEVEN: CONDITIONS PRECEDENT TO
SELLER'S OBLIGATIONS

All obligations of SELLER under this Agreement are subject to the fulfillment (or waiver in writing by a duly authorized officer of SELLER), on or before the Closing Date, of the following conditions:

7.1 Compliance by the BANK. All terms, covenants and conditions of this Agreement to be complied with and performed by the BANK on or before the Closing Date shall have been fully complied with and performed in all material respects.

7.2 Renewal of Representations and Warranties. The BANK'S representations and warranties contained in this Agreement shall be deemed to have been made again as of the Closing Date and, except as otherwise contemplated by this Agreement, shall then be true in all material respects; and the BANK shall have performed and complied with all material agreements, conditions and covenants required by this Agreement to be performed or complied with by the BANK prior to or at the Closing Date.

7.3 Delivery of Documents. The BANK shall have delivered the following documents to SELLER:

(a) An Assignment and Assumption of Accounts Agreement in substantially the form set forth in Exhibit B hereto.

(b) An Assignment and Assumption of Loans and Loan Agreement in substantially the form of Exhibit C hereto.

(c) An Assignment and Assumption of Contracts in substantially the form set forth in Exhibit D hereto.

(d) An Assignment, Transfer and Appointment of Successor Trustee for Individual Retirement Accounts in substantially the form set forth in Exhibit E hereto.

(e) Resolutions of the BANK'S Board of Directors, certified by its Secretary or Assistant Secretary, authorizing the signing and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(f) A certificate of the Secretary or Assistant Secretary of the BANK as to the incumbency and signatures of officers.

(g) A certificate signed by a duly authorized officer of the BANK stating that the conditions precedent to the obligations of SELLER pursuant to this Agreement have been fulfilled.

7.4 Litigation. No action, suit, proceeding, or claim shall have been instituted, made, or threatened by any person relating to the validity or propriety of the transactions contemplated by this Agreement.

ARTICLE EIGHT: CONDITIONS PRECEDENT
TO THE BANK'S OBLIGATIONS

All obligations of the BANK under this Agreement are subject to the fulfillment (or waiver in writing by a duly authorized officer of the BANK), on or before the Closing Date (except with respect to those conditions requiring satisfaction prior to the Closing Date), of each of the following conditions:

8.1 Regulatory Approvals. All required licenses, approvals and consents of any relevant state, federal or other regulatory agencies necessary to permit the BANK to consummate the transactions contemplated hereby shall have been obtained with no requirements imposed upon the BANK which, in the BANK'S reasonable judgment, are unduly burdensome.

8.2 Compliance by SELLER. All terms, covenants and conditions of this Agreement to be complied with and performed by SELLER on or before the Closing Date shall have been fully complied with and performed in all material respects.

8.3 Renewal of Representations and Warranties. SELLER'S representations and warranties contained in this Agreement shall be deemed to have been made again as of the Closing Date and, except as otherwise contemplated by this Agreement, shall then be true in all material respects; and SELLER shall have performed and complied with all material agreements, conditions and covenants required by this Agreement to be performed or complied with by SELLER prior to or at the Closing Date.

8.4 Documents. SELLER shall have delivered the following documents to the BANK:

- (a) An Assignment and Assumption of Accounts Agreement in substantially the form set forth in Exhibit B hereto.
- (b) An Assignment and Assumption of Loans and Loan Agreements in substantially the form of Exhibit C hereto.
- (c) An Assignment and Assumption of Contracts in substantially the form set forth in Exhibit D hereto.
- (d) An Assignment, Transfer and Appointment of Successor Trustee for Individual Retirement Accounts in substantially the form set forth in Exhibit E hereto.
- (e) A Bill of Sale in substantially the form set forth in Exhibit F hereto.
- (f) Instruments of conveyance satisfactory to legal counsel for the BANK, together with the title commitments, title insurance, and the surveys with respect to the Real Estate conveying the Real Estate to the BANK in compliance with Section 6.7 of this Agreement.
- (g) Such other bills of sale, assignments, and other instruments and documents as counsel for the BANK may reasonably require as necessary or desirable for transferring, assigning and conveying to the BANK good, marketable and insurable title to the Assets pursuant to this Agreement.
- (h) Resolutions of SELLER'S Board of Directors, certified by SELLER'S Secretary or Assistant Secretary, authorizing the signing and delivery of this Agreement and the consummation of the transactions contemplated hereby.
- (i) A certificate from the Secretary or Assistant Secretary of SELLER as to the incumbency and signature of officers.
- (j) A certificate signed by a duly authorized officer of SELLER stating that the conditions precedent to the obligations of the BANK pursuant to the Agreement have been fulfilled.

(k) Listings of the Deposit Liabilities as of the Estimation Date (the "Deposit Listings") on magnetic tape or utilizing such other method of information transfer as the parties may mutually agree, which Deposit Listing shall include account number, the outstanding principal balance, and the accrued interest.

(1) All Books and Records capable of being delivered to the BANK.

8.5 Absence of Certain Changes or Events. From the date hereof to the Closing Date, there shall be and have been no material adverse changes in the Real Estate, the other Assets, the Deposit Liabilities, or otherwise in the business, operations or condition of the Branch Offices.

8.6 Litigation. No action, suit, proceeding, or claim shall have been instituted, made, or threatened by any person relating to the validity or propriety of the transactions contemplated by this Agreement.

8.7 Wire Transfer. BUYER shall have received the wire transfer from SELLER required by Section 2.4.

ARTICLE NINE: TERMINATION

9.1 Termination Provisions. This Agreement may be terminated at any time prior to the Closing Date:

(a) Mutual Consent. By mutual consent of SELLER and the BANK;

(b) Conditions Precedent. By either SELLER or the BANK in the event the conditions precedent to their own obligations as set forth in Articles Seven and Eight have not been met and satisfied or waived or shall have become impossible of fulfillment; or

(c) Elapsed Time. By either SELLER or the BANK if the Closing Date does not occur before December 31, 1996, or such later date as the parties may mutually agree upon.

ARTICLE TEN: EXPENSES

10.1 The BANK'S Expenses. The BANK will pay all expenses incurred by it incident to obtaining requisite regulatory approvals to permit the BANK to consummate the transactions contemplated hereby and all expenses incurred by it incident to the consummation of the transactions contemplated hereby (including legal and accounting fees and expenses incurred for legal and accounting services rendered to the BANK in connection with the transactions contemplated hereby).

10.2 SELLER'S Expenses. SELLER will pay all expenses incurred by it incident to permit SELLER to consummate transactions contemplated hereby (including the title insurance policy, survey cost, recording fees, stamp taxes, as well as legal and accounting fees and expenses incurred for legal and accounting services rendered to SELLER in connection with the transactions contemplated hereby).

10.3 Brokers' Fees. SELLER will pay, indemnify and save harmless the BANK from and against any and all finders' fees, brokers' commissions or other similar fees or expenses incurred by SELLER (or the BANK as a result of understandings, agreements or arrangements made by SELLER) and arising out of or in connection with the transactions contemplated hereby. The BANK will pay, indemnify and save harmless SELLER from and against any and all finders' fees, brokers' commissions or other similar fees or expenses incurred by the BANK (or SELLER as a result of understandings, agreements or arrangements made by the BANK) and arising out of or in connection with the transactions contemplated hereby.

ARTICLE ELEVEN: OTHER AGREEMENTS

11.1 Backup Withholding. Any amounts required by any governmental agencies to be withheld from any of the Deposit Liabilities (the "Withholding Obligations") will be handled as follows:

(a) Any Withholding Obligations required to be remitted to the appropriate governmental agency prior to the Closing Date will be withheld and remitted by SELLER;

(b) Any Withholding Obligations required to be remitted to the appropriate governmental agency on or after the Closing Date will be remitted by the BANK. At the Closing, SELLER will remit to the BANK all sums withheld by SELLER pursuant to Withholding Obligations which funds are or may be required to be remitted to governmental agencies on or after the Closing Date.

11.2 IRA. SELLER shall be responsible for reporting through and including the Closing Date all federal and state income tax matters associated with IRA deposits assumed by the BANK. The BANK shall report all such information beginning on the date following the Closing Date. Said reports shall be made to the holder of deposit accounts, as the case may be, and to the applicable federal and state regulatory agencies. SELLER and the BANK shall each provide to the other information in its possession reasonably requested by the other to satisfy its obligations hereunder.

11.3 Interest Reporting. SELLER shall report through and including the Closing Date, all interest credited to, interest paid by, interest withheld from, and early withdrawal penalties charged to the Deposit Liabilities. The BANK shall report all such information beginning on the day following the Closing Date. Said reports shall be made to the holder of deposit accounts, as the case may be, and to the applicable federal and state regulatory

agencies. SELLER and the BANK shall each provide to the other information in its possession reasonably requested by the other to satisfy its obligations hereunder.

11.4 Pre-Closing Notices to Depositors. On such date as the parties may agree, or in the absence of such an agreement on the date which is thirty (30) days (or if such date shall not be a business day, the next succeeding business day) prior to the Closing Date, SELLER and the BANK will notify all deposit account owners at the Branch Offices (the "Depositors") whose accounts are to be conveyed to and assumed by the BANK of the pending transfer of those accounts. This notice will include a statement by SELLER urging Depositors to maintain their deposits at the Branch Offices with the BANK. This notice will be in a form acceptable to both parties and in compliance with all federal regulations. The cost of such notice shall be borne equally by SELLER and the BANK. SELLER will cooperate with the BANK in providing such other notices to customers of the Branch Offices as the BANK may reasonably request. SELLER and the BANK hereby acknowledge and agree that the notices and other communications to the Depositors contemplated hereby will not include information concerning any plans the BANK may have to, after the Closing Date, change rates or other terms and conditions with regard to the Deposit Liabilities.

11.5 Post Closing Certification. Within five (5) business days after the Closing Date, SELLER shall deliver to the BANK a statement setting forth the aggregate amount of Deposit Liabilities as of the close of business on the Closing Date, including accrued interest thereon, with a certification of the chief financial officer, controller or other appropriate officer of SELLER, certifying that, the information contained in the statement is true, correct, and complete.

11.6 Post Closing Access to Records. After the Closing Date, SELLER shall provide the BANK with access to, and will upon the BANK'S request provide the BANK with copies of any Records which are not capable of being transferred to the BANK pursuant to the Agreement. For a period of time prescribed in SELLER'S normal record retention policy, but not less than one (1) year from the Closing Date, or such longer or shorter period of time as SELLER and BANK may mutually agree, SELLER shall use its best efforts to preserve in paper, microfiche, electronic, or other appropriate form all records which are not delivered to the BANK and provide the BANK with reasonable assistance in assembling, reconstructing, or interpreting such records.

11.7 Risk of Loss. The risk of loss or damage by fire or other casualty or cause to the Assets until the Closing Date shall be upon SELLER. In the event of such loss or damage prior to the Closing Date, SELLER shall promptly restore, replace or repair the damaged Assets to the previous condition at its sole cost and expense; provided, however, that SELLER shall have no obligation under this Agreement to restore, replace or repair any of the Assets to the extent such restoration, replacement or repair is not covered by insurance proceeds or, in the good faith opinion of SELLER, is not reasonably practical. In the event that such loss or damage shall not be restored, replaced or repaired by the Closing Date, the BANK shall, at its option, either: (1) proceed with the Closing and receive all insurance proceeds

to which SELLER would be entitled as a result of such loss or damage; or (2) defer the Closing Date until such restorations, replacements or repairs are made (provided that no such deferral shall affect the termination rights of the parties specified in this Agreement); provided, however, if the BANK defers the Closing Date and (a) if, on the date that would have been the Closing Date if no loss or damage had occurred, SELLER has not commenced, or made arrangements for restoration, replacement or repairs; or (b) if sixty (60) days after the event of such loss or damage, such restoration, replacement or repair is not completed, the BANK may, at its sole option, terminate this Agreement by written notice to SELLER, whereupon no party to this Agreement shall have any liability to the other to this Agreement, and this Agreement in its entirety, except for the provisions of this Section 11.7 (which will survive such termination), shall be deemed null, void and of no further force or effect. The net book value of the Assets for purposes of Section 2.4 shall exclude any monies spent by SELLER in restoring, repairing or replacing any of the Assets pursuant to this Section 11.7.

ARTICLE TWELVE: INDEMNIFICATION

12.1 Indemnification of the BANK. SELLER shall indemnify, hold harmless and defend the BANK from and against any and all damage, loss, liability, cost, claim, or expense (including reasonable legal fees and expenses) incurred or suffered by the BANK in connection with SELLER'S operation of the Branch Offices on or prior to the Closing Date. SELLER shall indemnify and save the BANK and its respective officers, directors, employees, and other agents and the BANK's successors and assigns, harmless from and against any actions, assessments, losses, costs, damages or expenses, including reasonably attorney's fees, sustained or incurred by them resulting from or arising out of or by virtue of any claim for breach of any covenant, representation or warranty made by SELLER in this Agreement.

12.2 Indemnification of SELLER. The BANK shall indemnify, hold harmless and defend SELLER from and against any and all damage, loss, liability, cost, claim, or expense (including reasonable legal fees and expenses) incurred or suffered by SELLER in connection with the BANK'S operation of the Branch Offices after the Closing Date. The BANK shall indemnify and save SELLER and its respective officers, directors, employees, and other agents harmless from and against any actions, assessments, losses, costs, damages, or expenses, including reasonable attorney's fees, sustained or incurred by them resulting from or arising out of or by virtue of any claim for breach of any covenant, representation or warranty made by the BANK in this Agreement.

12.3 Survival of Representations and Warranties. All representations and warranties of SELLER and BANK contained in this Agreement shall survive the Closing, but only for a period of six (6) years from the Closing Date. No representations or warranties shall be extinguished by the Closing.

12.4 Remedies. The remedies of each of the parties with respect to any claim or cause of action relating to or arising out of this Agreement or this transaction shall be cumulative and shall not be exclusive. The election of a party to pursue one or more remedies consecutively or simultaneously shall not preclude that party from pursuing other remedies at any time permitted under this Agreement. Nonetheless, any recovery with respect to a claim or cause of action obtained pursuant to one remedy shall accordingly reduce the amount recoverable as to that claim or cause of action pursuant to any other remedy. It is the intent of the parties that no double recovery may be obtained by any party under any circumstances.

ARTICLE THIRTEEN: AMENDMENT, WAIVER AND NOTICE

13.1 Amendment. Any duly authorized officer of SELLER or the BANK may make, execute and deliver such amendment or amendments, modifications, or supplements to this Agreement as any one of such officers signing any such amendment, modification or supplement on behalf of a party may approve, as shall be conclusively evidenced by his or her signature to any such amendment, modification or supplement in such manner as may be agreed upon by them in writing at any time.

13.2 Waiver. The failure of either party at any time or times to require performance at any time prior to the Closing Date of any provision hereof shall in no manner affect such party's right at a later time to enforce the same. No waiver at any time prior to the Closing Date by either party of any condition, or of the breach of any term, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or the breach of any other term, covenant, representation or warranty of this Agreement.

13.3 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered or mailed, registered or certified mail, postage prepaid, as follows:

If to the BANK:

Independent Bank East Michigan
1111 West Caro Road
Caro, Michigan 48723
Attention: Ronald L. Long
President and Chief Executive Officer

with a copy to:

Varnum, Riddering, Schmidt & Howlett
Bridgewater Place
P.O. Box 352
Grand Rapids, Michigan 49501-0352
Attention: Michael G. Wooldridge, Esq.

If to SELLER:

First of America Bank-Michigan, National Association
108 East Michigan Avenue
Kalamazoo, Michigan 49007
Attention: William R. Cole
Chairman and Chief Executive Officer

with a copy to:

Howard & Howard Attorneys, P.C.
The Kalamazoo Building, Suite 400
107 West Michigan Avenue
Kalamazoo, Michigan 49007
Attention: Joseph B. Hemker, Esq.

ARTICLE FOURTEEN: GENERAL

14.1 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Michigan, and, to the extent applicable, to the laws of the United States.

14.2 Entire Agreement. This Agreement the Schedules and the Exhibits attached hereto set forth the entire agreement and understanding of the parties with respect to the transactions contemplated hereby and supersede all prior agreements, arrangements and understandings related to the subject matter hereof.

14.3 Method of Consent or Waiver. Any consent hereunder or any waiver of conditions or covenants as may be herein provided for, subject to all of the other requirements contained in this Agreement, shall be evidenced in writing, properly executed by a duly authorized officer of the party so electing hereunder.

14.4 Public Announcement. SELLER and the BANK shall consult with one another concerning the form and substance and timing of any press release of any matters relating to this Agreement.

14.5 No Assignment. Neither party shall assign or transfer any right or interest in and to this Agreement, without the prior written consent of the other party, except that SELLER may assign its rights hereunder to any successor thereto by merger or otherwise.

14.6 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14.7 Reliance on Headings, Etc. The Article, Section and Subsection Headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

14.8 Severability Clause. If any provisions of this Agreement shall be held invalid, the remainder shall, nevertheless, be deemed valid and effective.

IN WITNESS WHEREOF, the undersigned parties hereto have duly executed this Agreement on the date first above written.

WITNESSES

INDEPENDENT BANK EAST MICHIGAN

By: _____
Ronald L. Long
Its: President and Chief Executive Officer

FIRST OF AMERICA BANK-MICHIGAN,
NATIONAL ASSOCIATION

By: _____
William R. Cole
Its: Chairman and Chief Executive Officer

Consent of Independent Certified Public Accountants

The Board of Directors
Independent Bank Corporation:

We consent to the use of our report included herein and incorporated herein by reference and to the reference to our firm under the heading "Experts" in the prospectus.

KPMG Peat Marwick LLP

Lansing, Michigan
October 17, 1996

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the use in this Current Report of Independent Bank Corporation on Form S-2 of our report dated March 8, 1996, included herein, on the financial statements of North Bank Corporation as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995.

/s/ Crowe, Chizek and Company LLP

Grand Rapids, Michigan
October 21, 1996