

*Adopted*  
*December 16, 2010*  
*As amended*  
*February 17, 2016*

**MACATAWA BANK CORPORATION**  
**COMPENSATION COMMITTEE CHARTER**

**Purpose**

The Board of Directors has appointed the Compensation Committee (the "Committee") to assist the Board in fulfilling its responsibilities relating to compensation of the Corporation's executive officers and the Corporation's compensation and benefit programs and policies.

**Membership**

The Committee shall be composed of three or more directors appointed by the Board of Directors, one of whom shall be designated by the Board of Directors as the Chair. Each member of the Committee shall be independent of the management of the Corporation and free of any relationship that, in the opinion of the Board of Directors, would interfere with his or her exercise of independent judgment as a Committee member. Each member of the Committee shall be "independent" in accordance with Securities and Exchange Commission Rule 10C-1(b) and an "Independent Director" as defined by Nasdaq Listing Rules. In addition, each member of the Committee shall be a "Non-Employee Director" as defined by Securities and Exchange Commission Rule 16b-3. Each member of the Committee shall be free of "Compensation Committee Interlocks" that would require disclosure by the Corporation under SEC Regulation S-K, Item 407.

No member of the Committee may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary of the Corporation. Compensatory fees do not include fees received as a member of the Board of Directors or any Board committee; or the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation (provided that such compensation is not contingent in any way on continued service). In determining whether a director is eligible to serve on the Committee, the Board of Directors shall consider whether the director is affiliated with the Corporation, a subsidiary of the Corporation, or an affiliate of a subsidiary of the Corporation to determine whether such affiliation would impair the director's judgment as a member of the Committee.

## **Authority and Responsibilities**

The Committee has full power and authority to perform the responsibilities of a public company compensation committee under applicable law, regulations, stock exchange rules, and public company custom and practice.

The Committee has the authority and responsibility to:

1. Determine and oversee the Corporation's executive compensation philosophy structure, policies and programs, and assess whether the Corporation's compensation structure establishes appropriate incentives for management and associates.
2. Review from time to time the personnel policies and programs of the Corporation, and submit recommendations to the Board of Directors.
3. Administer, amend, interpret or make recommendations to the Board of Directors with respect to retirement, stock incentive, cash incentive, welfare and other compensation and benefit plans of the Corporation that are approved by the Board of Directors ("Plans").
4. Approve stock option and other stock incentive awards and authorize the issuance of shares of the Corporation's Common Stock, options and rights to acquire Common Stock, awards and units denominated in Common Stock, and other interests in the Corporation's Common Stock pursuant to Plans.
5. Authorize acquisitions of shares of Common Stock from the Corporation and dispositions of shares of Common Stock to the Corporation by officers or directors.
6. Review and approve corporate and personal goals and objectives relevant to the compensation and evaluation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives, and report those evaluations to the Board of Directors.
7. Consider all factors the Committee determines relevant when recommending the compensation of the Chief Executive Officer and other executive officers (as defined by applicable Nasdaq Listing Rules), including but not limited to the Corporation's performance and relative shareholder return, the compensation and incentive awards of comparable officers at comparable companies, and the compensation and incentive awards given to the officers in past years.
8. Recommend to the Board of Directors for approval the base salary and short-term and long-term incentive compensation award opportunities of the Chief Executive Officer.
9. Review with the Chief Executive Officer and recommend to the Board of Directors for approval the base salary and short-term and long-term incentive compensation award opportunities of the Corporation's other executive officers.

10. Review and analyze the results of any shareholder advisory vote on executive compensation in accordance with applicable regulations and stock exchange listing rules.
11. Establish and administer performance goals for Plans as contemplated by Internal Revenue Service regulations under Internal Revenue Code Section 162(m), as the Committee determines is appropriate.
12. Evaluate the risks and rewards associated with the Corporation's compensation philosophy and programs and take actions that the Committee considers necessary to mitigate risk and discourage unnecessary and excessive risk-taking.
13. Review succession planning for the Chief Executive Officer and other key executive officers of the Corporation.
14. Review, recommend and approve the design of Plans pertaining to executive officers.
15. Review, recommend and approve employment agreements and severance arrangements for executive officers, including change-in-control provisions, plans or agreements as the Committee determines appropriate.
16. Review, recommend and approve Corporation policies pertaining to executive perquisites and personal benefits.
17. Review and approve the compensation and benefits provided to directors and authorize the issuance of shares of the Corporation's Common Stock, options and rights to acquire Common Stock, awards and units denominated in Common Stock, and other interests in the Corporation's Common Stock to directors as compensation for services to the Corporation as a director.
18. Review and discuss the Corporation's annual Compensation Discussion and Analysis with management, recommend to the Board of Directors that the Compensation Discussion and Analysis be included in the Corporation's proxy statements or annual reports on Form 10-K, and report this review, discussion and recommendation in Compensation Committee Reports to be included in the Corporation's proxy statements or annual reports on Form 10-K.
19. Develop policies and agreements in accordance with applicable regulations and stock exchange listing rules for the recovery of incentive-based compensation granted to any current or former executive officer based on erroneous financial data that is subsequently corrected.

The Committee also has and will have any additional powers, authority and responsibilities which are delegated to the Committee by the Board of Directors or by Plans approved by the Board of Directors. The powers, authorities and responsibilities of the Committee which relate to specific laws, regulations and rules shall continue and apply to any applicable successor or amended laws, regulations and rules. The Committee may establish

subcommittees of the Committee and delegate authority and responsibility to subcommittees or any individual member of the Committee.

The Committee will keep minutes, make regular reports to the Board and propose any necessary action to the Board of Directors. The Committee will review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

### **Advisors**

The Committee has authority to engage consultants, advisors and legal counsel at the expense of the Corporation. Any consultant engaged for the purpose of determining the compensation of executive officers shall be engaged directly by the Committee and report to the Committee. The Committee has authority to approve contracts with and payment of fees and other compensation of consultants, advisors and legal counsel. The Corporation shall provide appropriate funding, as determined by the Committee, for payment of reasonable compensation to any consultants, advisors or legal counsel employed by the Committee and ordinary administrative expenses of the Committee.

The Committee may engage or receive advice from a compensation consultant, advisor or legal counsel (each an "advisor") only after taking into consideration the following factors:

- The advisor's provision of other services to the Corporation;
- The amount of fees received from the Corporation by the advisor, as a percentage of the advisor's total revenue;
- The advisor's policies and procedures that are designed to prevent conflicts of interest;
- Any business or personal relationship between the advisor and a member of the Committee or any executive officer of the Corporation;
- The advisor's ownership of any Corporation stock;
- Any other factors identified by applicable securities exchange listing standards.

For the purposes of the factors above, "advisor" includes, as applicable, any person that employs the advisor under consideration.

The Committee is not required to conduct an independence assessment for in-house counsel, or for a compensation advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Corporation and that is available generally to all salaried employees, or providing information that either is not customized for the Corporation, or that is customized

based on parameters that are not developed by the advisor, and about which the advisor does not provide advice.

The Committee shall exercise its own judgment in fulfillment of its duties, and is not required to implement or act consistently with the advice or recommendations of any compensation consultant, legal counsel or other advisor.

### **Role of Officers**

The Corporation's executive officers shall serve as a resource to the Committee and provide advice, information, analysis and documentation to the Committee upon request. In appropriate cases, in its discretion, the Committee may delegate its authority to the executive officers, being mindful that the Committee and the Board of Directors are responsible to the Corporation's shareholders to perform the functions and fulfill the responsibilities charged to the Committee under this Charter. The Committee may delegate to the Chief Executive Officer authority to determine, approve or recommend the amount or form of compensation paid to other executive officers and associates subordinate to the Chief Executive Officer, subject to such limitations and reporting responsibilities as the Committee in its discretion shall require. The Committee may not delegate to executive officers its authority to approve awards or issuance of stock options or other stock compensation.

The Chief Executive Officer may meet with the Committee for evaluation of his or her performance and for discussion of his or her compensation but may not be present during voting or deliberations of the Committee relating to the compensation of the Chief Executive Officer. The Chief Executive Officer may be present during voting or deliberations of the Committee relating to compensation of other officers, but may not vote.

### **Scope of Responsibility**

The Committee and its members have the duties and responsibilities expressly stated in this Charter or imposed by law. These duties and responsibilities of a member of the Committee are in addition to those duties applicable to all members of the Board. It is not the duty of the Committee to conduct investigations or to ensure compliance with laws and regulations. In discharging his or her duties, each member of the Committee is entitled to rely on financial statements, financial data information, opinions, reports and statements, prepared or presented by officers, employees, consultants, advisors, legal counsel, accountants, and other persons he or she reasonably believes to be reliable and competent in the matters presented.