

SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

AMENDMENT NO. 2 TO
 FORM SB-2

REGISTRATION STATEMENT
 UNDER
 THE SECURITIES ACT OF 1933

MACATAWA BANK CORPORATION
 (Name of Small Business Issuer in its Charter)

Michigan	6712	38-3391345
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

51 E. Main Street
 Zeeland, Michigan 49464
 (616) 748-9491
 (Address, including zip code, and telephone number,
 including area code, of Registrant's principal executive offices)

Benj. A. Smith, III
 51 E. Main Street
 Zeeland, Michigan 49464
 (616) 748-9491
 (Name, address, including zip code, and telephone number,
 including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) 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 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 this Form is a post-effective amendment filed pursuant to Rule 462(d) 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. []

<TABLE>

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Being Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
--	-------------------------------	---	---	----------------------------------

<S>	<C>	<C>	<C>	<C>
Common Stock (no par				

value) 1,495,000 \$10.00 \$14,950,000 \$4,411

</TABLE>

(1) Includes 195,000 shares subject to the Underwriter's over-allotment option.

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.

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.

SUBJECT TO COMPLETION DATED , 1998

[legend]

PROSPECTUS

1,300,000 Shares

MACATAWA BANK CORPORATION [logo]

Common Stock

All of the shares of common stock, no par value (the "Common Stock") offered hereby are being sold by Macatawa Bank Corporation (the "Company"), a Michigan corporation. The Company owns all of the outstanding common stock of Macatawa Bank, a Michigan banking corporation with its main office in Zeeland, Michigan (the "Bank"). Prior to this offering (the "Offering") there has been no public trading market for the Common Stock. The Underwriter has advised the Company that it anticipates making a market in the Common Stock following completion of this Offering. See "Underwriting" for a discussion of the factors considered in determining the initial public offering price. The Company expects that quotations for the Common Stock will be reported on the OTC Bulletin Board under the symbol "----."

The Common Stock offered by this Prospectus involves a high degree of risk. Investors should not invest any funds in this Offering unless they can afford to lose their entire investment. See "Risk Factors" on page 6.

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.

<TABLE>

	Price to Public <C>	Underwriting Discounts and Commissions (1) (2) <C>	Proceeds to Company (3) <C>
Per Share.	\$10.00	\$0.70	\$9.30
Total (4).	\$13,000,000	\$630,000	\$12,370,000

</TABLE>

- (1) The Underwriter has agreed with the Company that the Underwriting Discounts and Commissions will be reduced to \$0.525 per share for sales to certain investors identified on a list provided to the Underwriter by the Company, and to \$0.30 per share for sales by the Underwriter to certain Affiliated Purchasers. There will be no Underwriting Discounts and Commissions with respect to 400,000 shares of Common Stock expected to be sold to persons who were shareholders of the Company prior to this Offering. The Proceeds to Company have been calculated assuming Underwriting Discounts and Commissions of \$0.70 per share, except with respect to 400,000 shares to be sold with no Underwriting Discounts and Commissions. See "Underwriting."
- (2) The Company has agreed to indemnify the Underwriter against certain liabilities, including under the Securities Act of 1933, as amended. See "Underwriting."
- (3) Before deducting estimated offering expenses payable by the Company of \$170,406.
- (4) The Company has granted the Underwriter a 30-day option to purchase up to 195,000 additional shares of its Common Stock solely to cover over-allotments, if any. If the Underwriter exercises such option in

full, the total Price to Public, Underwriting Discounts and Commissions and Proceeds to Company will be \$14,950,000, \$766,500 and \$14,183,500, respectively. See "Underwriting."

The shares of Common Stock are offered by the Underwriter subject to prior sale, when, as and if delivered to and accepted by it, and subject to the right of the Underwriter to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the shares of Common Stock will be made on or about _____, 1998. Robert W. Baird & Co. Incorporated The date of this Prospectus is _____, 1998.

ROBERT W. BAIRD & CO.
Incorporated

The date of this Prospectus is _____, 1998.
[INSERT MAP OF OTTAWA COUNTY MARKET AREA]

THE SHARES OF COMMON STOCK OFFERED HEREBY ARE NOT SAVINGS ACCOUNTS OR DEPOSITS AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, ANY OTHER GOVERNMENT AGENCY OR OTHERWISE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

The Company is not currently a reporting company pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), but will file the reports required to be filed thereunder for the Company's 1998 fiscal year and for any other periods for which the Exchange Act's requirements apply to the Company. The Company, which has a December 31 fiscal year end, intends to furnish its shareholders with annual reports containing audited financial information and, for the first three quarters of each fiscal year, quarterly reports containing unaudited financial information.

2 PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Prospectus. Unless the context clearly suggests otherwise, financial information and other references in this Prospectus to the Company include the Bank. Except as otherwise indicated, all information in this Prospectus assumes no exercise of Underwriter's over-allotment option.

The Company

The Company is a bank holding company incorporated in 1997 under Michigan law and owns all of the common stock of the Bank. The Bank was organized and commenced operations in November, 1997 as a Michigan chartered bank with depository accounts insured by the Federal Deposit Insurance Corporation (the "FDIC") to the extent permitted by law. The Bank provides a full range of commercial and consumer banking services, primarily in the communities of Holland and Zeeland, Michigan, as well as the surrounding market area principally located in Ottawa County, Michigan. As of December 31, 1997, the Company had total assets of \$10.7 million, total deposits of \$2.7 million and shareholders' equity of \$8.0 million. As of February 28, 1998, the Company had 2,272 deposit accounts and total deposits of \$16.1 million.

The Bank is a full service bank offering a wide range of commercial and personal banking services. These services include checking and savings accounts (including certificates of deposit), safe deposit boxes, travelers checks, money orders and commercial, mortgage and consumer loans. As of February 28, 1998, the Bank had 25 full-time and 3 part-time employees. The Company's headquarters and the Bank's main office is located at 51 E. Main Street in the City of Zeeland, Michigan 49464 and the telephone number is (616) 748-9491. The Bank also has a full service branch office and a loan production branch office in Holland, Michigan.

Reason for Starting Macatawa Bank

The expansion of interstate banking has contributed to substantial consolidation of the banking industry in Michigan, including the Company's market area. Many of the area's locally owned or managed financial institutions have either been acquired by large regional bank holding companies or have been consolidated into branches of other financial institutions. In many cases, these acquisitions and consolidations have been accompanied by pricing changes, the dissolution of local boards of directors, management and personnel changes and, in the perception of the Company's management, a decline in the level of customer service. As a recent example, First Michigan Bank Corporation ("FMB"), which was previously headquartered in Holland, Michigan, was the dominant bank in the Holland-Zeeland market in Ottawa County, Michigan. In September 1997, FMB was acquired by Huntington Bancshares Incorporated, a bank holding company headquartered in Columbus, Ohio, and the boards of directors of FMB's former subsidiary banks were dissolved. As another recent example, First of America Bank Corporation, which is headquartered in western Michigan, has agreed to be acquired by a large bank holding company headquartered in Cleveland, Ohio.

Although the banking industry remains competitive, management believes that the consolidation of the banking industry has created a favorable opportunity for a new commercial bank to offer services to customers who wish to conduct business with a locally owned and managed bank. Management has been and believes that it will continue to be successful in attracting as customers individuals and small to medium sized businesses by demonstrating an active interest in their business and personal financial affairs. The Company seeks to take advantage of this opportunity by emphasizing the Company's local management, and their strong ties and active commitment to the community. The Bank is currently the only locally managed independent commercial bank with its main office in the Holland-Zeeland area.

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Market Area

The Bank's market area includes the cities of Holland and Zeeland, and the Interstate I-196 corridor from Holland on the west and extending approximately 20 miles east through Zeeland, Hudsonville and Jenison, Michigan. Most of this market area is located in the southern half of Ottawa County, Michigan. This area includes several growing communities and has a stable and diverse economic base. The Holland-Zeeland area has a population of approximately 93,000, and Ottawa County has a population of approximately 200,000. The Holland-Zeeland area had an estimated median household income in 1997 of approximately \$43,600. Over 300 manufacturers have operations in the Holland-Zeeland area, including several manufacturers in the office furniture and automotive supply industries. Major Ottawa County employers include Donnelly Corporation, Herman Miller, Inc., Haworth, Inc. and Johnson Controls. Management believes that the market area's diverse commercial base provides significant opportunities for business banking services as well as personal banking services for the owners and employees of the area's businesses.

Management

The officers and directors of the Company are recognized and established individuals in their local communities. The management team assembled by the Company represents a wide range of business, banking and investment knowledge and experience. They have established and maintained significant customer relationships in the Bank's market area which they expect to draw upon for the benefit of the Bank. The majority of the Company's management team have a least 10 years of banking experience, and several key personnel have more than 20 years of banking experience. Management believes that their years of banking experience and their existing customer contacts in this market offer the Bank a substantial opportunity to continue to attract new relationships for the Bank. The Company does not maintain key man life insurance on any of its officers or directors.

The Company's officers and directors have a shared vision of focused community banking and a commitment to the future growth and success of the Bank. The Company's vision is to build a quality, full-service community bank that offers competitive financial products and superior customer service. Fundamental to the Company's vision is the building of long-term relationships with customers. The Company maintains its community focus by hiring local people and placing strong emphasis on local presence and local community support.

Strategy

The Company is a customer-driven financial institution focused on providing high value to clients by delivering products and services in a highly personalized manner. Management believes that the Bank can attract clients who prefer to conduct business with a locally-managed institution that demonstrates an active interest in their business and personal financial affairs.

The Company competes for loans principally through its ability to communicate effectively with its customers and to understand and meet their needs. Management believes that the Company's personal service philosophy enhances its ability to compete favorably in attracting individuals and small businesses. The Company actively solicits retail customers and competes for deposits by offering customers personal attention, professional service and competitive interest rates. The Bank's experienced staff provides a superior level of personalized service, which enables the Bank to generate competitively priced loans and deposits.

The Bank has entered into agreements with third-party service providers to provide customers with products and services such as credit cards, debit cards and ATM cards. The use of third-party service providers allows the Bank to remain at the forefront of technology while minimizing the costs of delivery.

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The Offering

Securities

offered.....1,300,000 shares of Common Stock.

Initial offering

price.....\$10.00 per share of Common Stock.

Common Stock to be

outstanding after
this Offering....2,240,125 shares (assuming no exercise of the over-allotment option).

Use of proceeds

by the Company....The net proceeds to the Company from this Offering (assuming no exercise of the over-allotment option) are estimated to be \$12,199,594. The net proceeds (including any proceeds from an exercise of the Underwriter's over-allotment option) will generally be used to strengthen the Company's capital position in anticipation of future growth and for other general corporate purposes. The Company expects that substantially all of the net proceeds will be contributed to the Bank in the near future to strengthen the Bank's capital position, to allow the Bank to open or acquire additional branches, or for other general corporate purposes. Pending their application for any or all of such purposes, the net proceeds will be invested in United States government securities and investment grade financial instruments. See "Use of Proceeds."

Risk factors.....The purchase of the securities offered hereby involves a high degree of risk and should be considered only by persons who can afford to sustain the total loss of their investment. See "Risk Factors."

<TABLE>

Summary Consolidated Financial Data

As of December 31, 1997

As of February 28, 1998

--	Actual	As Adjusted (1)	Actual	As Adjusted(1)
--	-----	-----	-----	-----
Balance Sheet Data:			(unaudited)	
<S>	<C>	<C>	<C>	<C>
Cash and securities.....	\$ 9,415,520	\$21,615,114	\$15,264,748	\$27,464,342
Total loans.....	497,704	497,704	7,562,015	7,562,015
Total assets.....	10,722,193	22,921,787	23,833,280	36,032,874
Total deposits.....	2,712,223	2,712,223	16,124,420	16,124,420
Total liabilities.....	2,750,186	2,750,186	16,172,331	16,172,331
Retained deficit.....	(165,525)	(165,525)	(476,319)	(476,319)
Shareholders' equity.....	\$ 7,972,007	\$20,171,601	\$7,660,949	\$19,860,543

</TABLE>

(1) Adjusted to reflect the estimated net proceeds from the shares offered hereby. The net proceeds have been calculated assuming Underwriting Discounts and Commissions of \$0.70 per share, except with respect to 400,000 shares to be sold with no Underwriting Discounts and Commissions. See "Use of Proceeds."

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RISK FACTORS

The Common Stock offered hereby is speculative, involves a high degree of

risk and should be considered only by persons who can afford the loss of their entire investment. The following constitute some of the potential risks of an investment in the Common Stock and should be carefully considered by prospective investors prior to purchasing shares of Common Stock. The order of the following is not intended to be indicative of the relative importance of any described risk nor is the following intended to be inclusive of all risks of investment in the Common Stock.

Limited Operating History; Significant Initial Losses Expected

The Bank began operations on November 25, 1997, and the Company became the holding company for the Bank on February 23, 1998. The Bank and the Company have a limited operating history. The business of the Company and the Bank is subject to the risks inherent in the establishment of a new business enterprise. The Company's profitability will depend primarily upon the Bank's operations and there is no assurance that the Bank will ever operate profitably. As a result of initial expenditures to form the Bank and establish branches, together with the time necessary to more fully utilize its capital and generate operating income, the Bank (and thus the Company) can be expected to incur significant operating losses during its initial years of operations. As of February 28, 1998, the Company had a retained deficit of \$476,319.

Need for Capital

Although the Company does not currently anticipate the need for additional capital in the foreseeable future to conduct its business activities, additional capital beyond the Company's present capital and the capital which will be provided by this Offering and any amounts likely to be generated by the Bank's operations over the next several years may be necessary before the Company could undertake any significant acquisitions or other expansion of its operations. There can be no assurance that any funds necessary to finance such acquisitions or expansion will be available. Regulatory capital requirements and borrowing restrictions which apply to the Bank and the Company may also have the effect of constraining future growth. To the extent the Company relies upon the sale of additional equity securities to finance future expansion, such sale could result in significant dilution to the interests of persons purchasing shares in this Offering.

Ability to Achieve and Profitably Manage Growth and Expansion

The Company's strategy includes increasing its deposits, loans and other assets and adding additional branches. The ability to achieve and manage the Company's growth and expansion will depend in part on the Company's ability to continue to attract and retain capable management and operations personnel. In addition, upon completion of this Offering the Company will have shareholders' equity of approximately \$19.9 million, which is more capital than is necessary or required for the Company's present operations under applicable laws and regulations. A significant portion of the net proceeds of this Offering will initially be invested in United States government securities and other investment grade securities, which typically offer rates of return that are less than the rates of returns earned by the Company on loans to its customers. As a result, the Company's financial performance in the near future as reflected in financial measures such as return on assets, return on equity and net earnings per share is likely to be less favorable than the financial performance of many of the Company's competitors. The Company's ability to more fully and effectively utilize its capital and improve its financial performance will depend on the Company's ability to make additional loans. There can be no assurance that the Company will be able to make enough additional loans to achieve competitive returns for its shareholders or to effectively manage its growth and expansion.

Government Regulation and Monetary Policy

The Company and the Bank are subject to extensive state and federal governmental supervision and regulation. Existing state and federal banking laws subject the Bank to substantial limitations with respect to loans, purchase of securities, payment of dividends and many other aspects of its banking business. These limitations include a

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requirement that the Bank maintain a ratio of Tier 1 leverage capital to total assets for the first three years of at least 8% and maintain an adequate loan loss reserve. The Bank currently maintains a ratio of Tier 1 leverage capital to total assets in excess of the required 8%. There can be no assurance that future legislation or government policy will not adversely affect the banking industry or the operations of the Bank. Federal economic and monetary policy may affect the Bank's ability to attract deposits, make loans and achieve satisfactory interest spreads. See "Supervision and Regulation."

No Assurance of Dividends

It is anticipated that no dividends will be paid on the Common Stock for the immediately foreseeable future. It is likely that the Company will be largely dependent upon dividends paid by the Bank for funds to pay dividends on the Common Stock, if and when such dividends are declared. The Bank does not anticipate paying dividends during the foreseeable future. No assurance can be given that future earnings of the Bank, and any resulting dividends to the Company, will be sufficient to permit the legal payment of dividends to Company shareholders at any time in the future. Even if the Company may legally declare dividends, the amount and timing of such dividends will be at the discretion of the Company's Board of Directors. The Board may in its sole discretion decide not to declare dividends. For a more detailed discussion of other regulatory limitations on the payment of cash dividends by the Company, see "Dividend Policy."

Competition

The Company and the Bank face strong competition for deposits, loans and other financial services from numerous Michigan and out-of-state banks, thrifts, credit unions and other financial institutions as well as other entities which provide financial services. Some of the financial institutions and financial services organizations with which the Bank will compete are not subject to the same degree of regulation as the Bank. Many of these financial institutions aggressively compete for business in the Bank's market area. Most of these competitors have been in business for many years, have established customer bases, are larger, have substantially higher lending limits than the Bank and will be able to offer certain services, including numerous branches and international banking services, that the Bank can offer only through correspondents. In addition, most of these entities have greater capital resources than the Bank, which, among other things, may allow them to price their services at levels more favorable to the customer and to provide larger credit facilities than could the Bank. The dominant competitor in the Company's market area is Huntington Bancshares Incorporated, headquartered in Columbus, Ohio, which acquired FMB in September 1997. Another significant competitor in the market area is First of America which recently agreed to be acquired by a large bank holding company headquartered in Cleveland, Ohio. See "Business -- Market Area" and "Business -- Competition." Additionally, federal and Michigan legislation regarding interstate branching and banking may act to increase competition in the future from larger out-of-state banks. See "Supervision and Regulation."

Dependence on Management

The Company and the Bank are, and for the foreseeable future will be, dependent upon the services of their management team, including the President of the Bank, and other senior managers retained by the Bank. The loss of one or more key members of the management team could adversely affect the operations of the Company and the Bank. The Company does not maintain key man life insurance on any of its officers or directors. See "Business -- Employees" and "Management."

Discretion in Use of Proceeds

The Offering is intended to raise funds to generally strengthen the Company's capital position in anticipation of future growth of the Bank and for other general corporate purposes. While management currently has no such plans, if opportunities arise, some of the proceeds of the Offering could also be used to finance acquisitions of other financial institutions, branches of other institutions, or expansion into other lines of business closely related to banking. However, management will retain discretion in employing the proceeds of the Offering. See "Use of Proceeds."

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Lending Risks and Lending Limits

The risk of nonpayment of loans is inherent in commercial banking, and such nonpayment, if it occurs, may have a material adverse effect on the Company's earnings and overall financial condition as well as the value of the Common Stock. Moreover, the Bank's focus on small-to-medium sized businesses may result in a larger concentration of loans by the Bank to such businesses. As a result, the Bank may assume greater lending risks than banks which have a lesser concentration of such loans and tend to make loans to larger companies. Management attempts to minimize the Bank's credit exposure by carefully monitoring the concentration of its loans within specific industries and through prudent loan application and approval procedures, but there can be no assurance that its monitoring and procedures will reduce such lending risks sufficiently to avoid material losses.

The Bank's legal lending limit prior to this Offering is approximately \$1.9 million. The Board of Directors has established an "in-house" limit of \$1.5 million. To the extent the net proceeds of this Offering are contributed to the

Bank, the legal lending limit and "in-house" limit may change. Upon the contribution of the net proceeds of this Offering to the Bank, the legal lending limit is expected to be at least \$4.0 million, and the Board of Directors of the Bank anticipates increasing the "in-house" lending limit to \$4.0 million. In addition, the Board may from time to time raise or lower the "in-house" limit as it deems appropriate to comply with safe and sound banking practices and to respond to overall economic conditions. Accordingly, the size of the loans which the Bank can offer to potential customers is less than the size of loans that most of the Bank's competitors are able to offer. These limits affect to some degree the ability of the Bank to seek relationships with the area's larger businesses. The Bank expects to accommodate loan volumes in excess of its lending limit through the sale of participations in such loans to other banks. However, there can be no assurance that the Bank will be successful in attracting or maintaining customers seeking larger loans or that the Bank will be able to engage in the sale of participations in such loans on terms favorable to the Bank.

Impact of Interest Rates and Economic Conditions

The results of operations for financial institutions, including the Bank, may be materially and adversely affected by changes in prevailing economic conditions, including declines in real estate market values, rapid changes in interest rates and the monetary and fiscal policies of the federal government. See "Supervision and Regulation." The Bank's profitability is in part a function of the spread between the interest rates earned on investments and loans and the interest rates paid on deposits and other interest-bearing liabilities. In the early 1990s, many banking organizations experienced historically high interest rate spreads. More recently, interest rate spreads have generally narrowed due to changing market conditions and competitive pricing pressure, and there can be no assurance that such factors will not continue to exert such pressure or that such high interest rate spreads will return. Substantially all the Bank's loans will be to businesses and individuals in western Michigan and any decline in the economy of this area could have an adverse impact on the Bank. Like most banking institutions, the Bank's net interest spread and margin will be affected by general economic conditions and other factors that influence market interest rates and the Bank's ability to respond to changes in such rates. At any given time, the Bank's assets and liabilities will be such that they are affected differently by a given change in interest rates. As a result, an increase or decrease in rates, the length of loan terms or the mix of adjustable and fixed rate loans in the Bank's portfolio could have a positive or negative effect on the Bank's net income, capital and liquidity. There can be no assurance that the positive trends or developments discussed in this Prospectus will continue or that negative trends or developments will not have a material adverse effect on the Bank. See "Supervision and Regulation."

Need for Technological Change

The banking industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. In addition to better serving customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. The Company's future success will depend in part on its ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands for convenience as well as to create additional efficiencies in the Bank's operations. Many of the Bank's competitors have substantially greater resources to invest in technological improvements. There can be no

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assurance that the Bank will be able to effectively implement new technology-driven products and services or be successful in marketing such products and services to its customers. See "Business -- Strategy."

Year 2000 Compliance

Because many computerized systems use only two digits to record the year in date fields (for example, the year 1998 is recorded as 98), such systems may not be able to accurately process dates ending in the year 2000 and after. The effects of this issue will vary from system to system and may adversely affect the ability of a financial institution's operations as well as its ability to prepare financial statements. The Company and the Bank were organized in 1997 and the Company recently acquired its computer equipment and has recently contracted with a leading supplier of information processing services. The Company has an internal task force to assess year 2000 compliance by the Company and its vendors. In addition, the Bank asks commercial borrowers about year 2000 compliance as part of the loan application and review process. Management does not anticipate that the Company will incur material operating expenses or be required to invest heavily in computer system improvements to be year 2000 compliant. Nevertheless, the inability of the Company to successfully address year 2000 issues could result in interruptions in the Company's business and have a material adverse effect on the Company's results of operations.

Anti-Takeover Provisions

The Company's articles of incorporation (the "Articles") and bylaws (the "Bylaws") include provisions which may have the effect of delaying, deferring or preventing certain types of transactions involving an actual or potential change in control of the Company, including transactions in which the shareholders might otherwise receive a premium for their shares over then current market prices, and may limit the ability of the shareholders to approve transactions that they may deem to be in their best interests. The Michigan Business Corporation Act (the "MBCA") contains a Control Share Act intended to protect shareholders and prohibit or discourage certain types of hostile takeover activities. Federal law requires the approval of the Federal Reserve Board prior to acquisition of "control" of a bank holding company. Michigan law also requires the approval of the State of Michigan Financial Institutions Bureau (the "FIB") prior to the acquisition of direct or indirect control of a Michigan-chartered bank. These provisions may have the effect of delaying or preventing a change in control of the Company without action by the shareholders, and therefore could adversely affect the price of the Common Stock. The Company's Articles and Bylaws provide for the indemnification of its officers and directors and insulate its officers and directors from liability for certain breaches of the duty of care. See "Description of Capital Stock -- Anti-Takeover Provisions."

Indemnification of Directors and Officers

The Company's bylaws provide for the indemnification of its officers and directors and insulate its officers and directors from liability for certain breaches of the duty of care. It is possible that the indemnification obligations imposed under these provisions could result in a charge against the Company's earnings and thereby affect the availability of funds for payment of dividends to the Company's shareholders. The Bank's bylaws contain similar provisions. See "Description of Capital Stock -- Anti-Takeover Provisions."

Determination of Offering Price

The initial public offering price of \$10.00 per share was determined by negotiations between the Company and Robert W. Baird & Co. Incorporated, the underwriter of this Offering (the "Underwriter"). Prior to this Offering, the Bank sold shares to its original investors in a private placement for a price equivalent to \$8.70 per share of Common Stock. The initial public offering price is not based upon earnings or any significant history of operations and should not be construed as indicative of the present or anticipated future value of the Common Stock. Several factors were considered in determining the initial offering price of the Common Stock, including the fact that the Bank has commenced operations, the size of the Offering, the desire that the security being offered be attractive to individuals and the Underwriter's experience in dealing with initial public offerings for financial institutions. Prior to the Offering, there has been no public trading market for the Common Stock. The price at which these shares are being offered to

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the public may be greater than the market price for the Common Stock following the Offering. See "Dilution" and "Underwriting."

Dilution

The purchasers of the Common Stock offered hereby will suffer an immediate dilution of \$1.00 in net tangible book value per share of the Common Stock from the initial offering price on a pro forma basis as of December 31, 1997. See "Dilution."

Control by Management

Although the combined ownership and control over the Company's Common Stock by the Company's officers and directors is likely to be less than 10% after this Offering, such individuals will be able to exert a significant measure of control over the affairs and policies of the Company. Such control could be used, for example, to help prevent an acquisition of the Company, thereby precluding shareholders from possibly realizing any premium which may be offered for the Company's Common Stock by a potential acquiror. See "Principal Shareholders."

No Prior Public Market; Limited Trading Market Expected

Prior to this Offering, there has been no public trading market for the Common Stock. The initial offering price has been determined by negotiations between the Company and the Underwriter and may be greater than the market price for the Common Stock following this Offering. The Company expects that the quotations for the Common Stock will be reported on the OTC Bulletin Board under the symbol "----." The Underwriter has also advised the Company that, upon completion of this Offering, it intends to act as a market maker in the Common Stock, subject to applicable laws and regulatory requirements. The development of a public trading market depends, however, upon the existence of willing buyers and sellers, the presence of which is not within the control of the

Company, the Bank or any market maker. Even with a market maker, factors such as the limited size of this Offering, the lack of earnings history for the Company and the absence of a reasonable expectation of dividends within the near future mean that there can be no assurance of the development in the foreseeable future of an active and liquid market for the Common Stock. Even if a market develops, there can be no assurance that a market will continue, or that shareholders will be able to sell their shares at or above the initial offering price. Purchasers of Common Stock should carefully consider the potentially illiquid and long-term nature of their investment in the shares being offered hereby.

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USE OF PROCEEDS

The net proceeds to the Company from the sale of 1,300,000 shares of Common Stock offered hereby are estimated to be \$12,199,594 (\$14,013,094 if the Underwriter's over-allotment option is exercised in full), after deduction of the estimated underwriting discounts and commissions and offering expenses. The net proceeds have been calculated assuming Underwriting Discounts and Commissions of \$0.70 per share, except with respect to 400,000 shares to be sold with no Underwriting Discounts and Commissions. The net proceeds from this Offering will generally be used to strengthen the Company's capital position in anticipation of future growth and for other general corporate purposes. The Company expects that substantially all of the net proceeds will be contributed to the Bank in the near future to strengthen the Bank's capital position, to open or acquire additional branches, or for other general corporate purposes. Pending their application for any or all of such purposes, the net proceeds may be invested in United States government securities and other investment grade financial instruments.

DIVIDEND POLICY

The Company initially expects that all Company and Bank earnings, if any, will be retained to finance the growth of the Company and the Bank and that no cash dividends will be paid for the foreseeable future. If and when dividends are declared, the Company will be primarily dependent upon dividends paid by the Bank for funds to pay dividends on the Common Stock. It is also possible, however, that the Company will pay dividends in the future generated from investment income and other activities, if any, of the Company.

Under Michigan law, the Bank is restricted as to the maximum amount of dividends it may pay on its common stock. The Bank may not pay dividends except out of net profits after deducting its losses and bad debts. 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. If the Bank has a surplus less than the amount of its capital, it may not declare or pay any dividend until an amount equal to at least 10% of net profits for the preceding one-half year (in the case of quarterly or semi-annual dividends) or full-year (in the case of annual dividends) has been transferred to surplus. The ability of the Company and the Bank to pay dividends is also affected by various regulatory requirements and policies, such as the requirement to maintain adequate capital above regulatory guidelines. See "Supervision and Regulation." Such requirements and policies may limit the Company's ability to obtain dividends from the Bank for its cash needs, including funds for acquisitions, payment of dividends by the Company and the payment of operating expenses.

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RECENT DEVELOPMENTS

Formation of the Holding Company

On February 23, 1998, the Bank became a wholly owned subsidiary of the Company pursuant to a Consolidation Agreement filed with and approved by the Federal Reserve Board and the FIB. Pursuant to the Consolidation Agreement, each issued and outstanding share of common stock of the Bank was converted into 1.15 shares of Common Stock of the Company and the shareholders of the Bank became the shareholders of the Company. In total, 817,500 shares of common stock of the Bank were converted into 940,125 shares of Common Stock of the Company, which are all the issued and outstanding shares of Common Stock prior to this Offering. The Bank's common stock had been issued to its shareholders as of November 25, 1997 at a price of \$10.00 per share or a total of \$8,175,000. See "Dilution."

Branch Openings

Since the Bank opened its main office in Zeeland, Michigan in November, 1997, it has established a full service branch office at 139 E. 8th Street, in Holland, Michigan on January 19, 1998. The Bank also opened a loan processing office branch at 106 E. 8th Street in Holland, Michigan. The Bank also has leased a branch facility in south Holland and purchased a branch facility in Jenison, Michigan, and has applied for regulatory approval to open those two locations. See "Business -- Properties" and "Plan of Operation."

Results of Operations

The Bank commenced operations on November 25, 1997. At December 31, 1997, the Company had total assets of \$10.7 million, total deposits of \$2.7 million, a retained deficit of \$165,525 and shareholders' equity of \$8.0 million. At February 28, 1998, the Company had total assets of \$23.8 million, total deposits of \$16.1 million, a retained deficit of \$476,319 and shareholders' equity of \$7.7 million. The Bank had 2,272 deposit accounts as of February 28, 1998. See "Plan of Operation."

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CAPITALIZATION

The following table sets forth the capitalization of the Company as of December 31, 1997, and as adjusted to reflect the sale of the shares of Common Stock offered hereby:

	Actual <C>	December 31, 1997 As Adjusted(1) <C>
<S>		
Long-term and short-term debt	\$ --	\$ --
Shareholders' equity:		
Preferred stock, no par value, 500,000 shares authorized; no shares issued and outstanding	--	--
Common stock, no par value, 9,500,000 shares authorized; 940,125 shares issued and outstanding, and 2,240,125 shares as adjusted (2)	8,137,268	20,336,862
Retained deficit (3)	(165,525)	(165,525)
Net unrealized appreciation on securities available for sale, net of tax of \$136.	264	264
Total shareholders' equity	\$7,972,007	\$20,171,601

</TABLE>

- (1) Adjusted to reflect the estimated net proceeds from the shares offered hereby (assuming no exercise of the Underwriter's over-allotment option). See "Use of Proceeds."
- (2) Does not include an aggregate of 20,000 shares issuable pursuant to options granted under the Company's Directors Stock Option Plan. See "Management -- Executive Compensation."
- (3) The accumulated deficit as of December 31, 1997, was comprised primarily of pre-opening expenses related principally to fees and expenses incurred in the regulatory application process and office occupancy costs and supplies, together with initial operating losses following the commencement of operations by the Bank. The accumulated deficit is expected to increase further as anticipated initial operating losses are incurred.

DILUTION

The net tangible book value (total tangible assets minus total liabilities) of the Company as of December 31, 1997, was \$7,972,007, or \$8.48 per share of Common Stock outstanding on such date. Assuming the sale of the 1,300,000 shares of Common Stock offered hereby (at the initial public offering price of \$10.00 per share) and the application of the net proceeds therefrom (after deducting estimated offering expenses and underwriting discounts), the pro forma net tangible book value of the Company as of December 31, 1997, would have been \$20,171,601, or \$9.00 per share of Common Stock outstanding on such date. This represents an immediate increase in pro forma net tangible book value per share of \$0.52 to existing shareholders and an immediate dilution of \$1.00 per share to new investors. The following table illustrates this per share dilution:

	<C>	<C>
<S>		
Initial public offering price per share		\$10.00
Net tangible book value per share before the Offering(1)	\$8.48	
Increase per share attributable to new investors	0.52	
Pro forma net tangible book value per share after the Offering(1)		9.00

Dilution per share to new investors		\$ 1.00
		=====

</TABLE>

- (1) Does not include 20,000 shares of Common Stock reserved for issuance upon the exercise of stock options outstanding as of February 1, 1998, which have an exercise price equal to the initial public offering price, nor does it include shares of Common Stock available for the future grant of stock options under the Company's Stock Compensation Plan (100,000 shares) or Directors Stock Option Plan (20,000 shares). See "Management -- Stock Compensation Plan and -- Directors Stock Option Plan." Does not give effect to the exercise of the Underwriter's over-allotment option.

General

The Company is a bank holding company organized in 1997 under Michigan law and owns all of the common stock of the Bank. The Bank was organized and commenced operations in November, 1997 as a Michigan chartered bank with depository accounts insured by the FDIC to the extent permitted by law. The Bank provides a full range of commercial and consumer banking services primarily in the communities of Holland and Zeeland, Michigan, as well as the surrounding market area principally located in Ottawa County. The Bank's services include checking and savings accounts (including certificates of deposit), safe deposit boxes, travelers checks, money orders and commercial, mortgage and consumer loans. As of December 31, 1997, the Company had total assets of \$10.7 million, total deposits of \$2.7 million, 472 deposit accounts and shareholders' equity of \$8.0 million. As of February 28, 1998, the Bank had 25 full-time and 3 part-time employees, 2,272 deposit accounts and total deposits of \$16.1 million.

Reason for Starting Macatawa Bank

The expansion of interstate banking has contributed to substantial consolidation of the banking industry in Michigan, including the Company's market area. Many of the area's locally owned or managed financial institutions have either been acquired by large regional bank holding companies or have been consolidated into branches. In many cases, these acquisitions and consolidations have been accompanied by pricing changes, the dissolution of local boards of directors, management and personnel changes and, in the perception of the Company's management, a decline in the level of customer service. For example, FMB, which was headquartered in Holland, Michigan, was the dominant bank in the Holland-Zeeland market in Ottawa County, Michigan. In September 1997, FMB was acquired by Huntington Bancshares Incorporated, a bank holding company headquartered in Columbus, Ohio, and the boards of directors of FMB's former subsidiary banks were dissolved. As another recent example, First of America Bank Corporation, which is headquartered in western Michigan, has recently agreed to be acquired by a large bank holding company headquartered in Cleveland, Ohio.

Although the banking industry remains competitive, management believes that the consolidation of the banking industry created a favorable opportunity for a new commercial bank to offer services to customers who wish to conduct business with a locally owned and managed bank. Management has been and believes that it will continue to be successful in attracting as customers individuals and small to medium sized businesses by demonstrating an active interest in their business and personal financial affairs. The Company seeks to take advantage of this opportunity by emphasizing in its marketing plan the Company's local management, and their strong ties and active commitment to the community. The Bank is currently the only locally managed independent commercial bank with its main office in the Holland-Zeeland area.

Market Area

The Bank's market area includes the cities of Holland and Zeeland, and the Interstate I-196 corridor from the City of Holland on the west and extending approximately 20 miles east through Zeeland, Hudsonville and Jenison, Michigan. Most of this market area is located in the southern half of Ottawa County, Michigan. This area includes several growing communities and has a stable and diverse economic base. The Holland-Zeeland area has a population of approximately 93,000 and Ottawa County has a population of approximately 200,000. The Holland-Zeeland area had an estimated median household income in 1997 of approximately \$43,600. Over 300 manufacturers have operations in the Holland-Zeeland area, including several manufacturers in the office furniture and automotive supply industries. Major Ottawa County employers include Donnelly Corporation, Herman Miller, Inc., Haworth, Inc. and Johnson Controls. Management believes that the market area's diverse commercial base provides significant opportunities for business banking services, together with personal banking services for the owners and employees of the area's businesses.

Strategy

The Company is a customer-driven financial institution focused on providing high value to clients by delivering products and services in a highly personalized manner. Management of the Company believes that the Bank can attract those clients who prefer to conduct business with a locally-managed institution that demonstrates an active interest in their business and personal financial affairs.

The officers and directors of the Company are recognized and established individuals in their local communities. The management team assembled by the Company represents a wide range of business, banking and investment knowledge and experience. The directors, officers and staff have established and

maintained significant customer relationships in the Bank's market area and expect to draw upon these relationships for the benefit of the Bank. The majority of the Company's management team have a least 10 years of banking experience, and several key personnel have more than 20 years experience in the financial services industry. Management believes that their years of banking and financial services experience and their existing customer contacts in this market offer the Bank a substantial opportunity to continue to attract new relationships for the Bank.

The Company's officers and directors have a shared vision and commitment to the future growth and success of the Bank. The Company's vision is to build a quality, full-service community bank that offers competitive financial products and superior customer service. Fundamental to the Company's vision is the building of long-term relationships with customers. The Company maintains its community focus by hiring local people and placing strong emphasis on local presence and local community support.

The Company competes for loans principally through its ability to communicate effectively with its customers and to understand and meet their needs. Management believes that the Company's personal service philosophy enhances its ability to compete favorably in attracting individuals and small businesses. The Company actively solicits retail customers and competes for deposits by offering customers personal attention, professional service and competitive interest rates. The Bank's experienced staff provides a superior level of personalized service, which enables the Bank to generate competitively priced loans and deposits.

The Bank has entered into agreements with third-party service providers to provide customers with products and services such as credit cards, debit cards and ATM cards. The use of third-party service providers allows the Bank to remain at the forefront of technology while minimizing the costs of delivery.

Products and Services

Deposit Services. The Bank offers a broad range of deposit services, including checking accounts, NOW accounts, savings accounts and time deposits of various types. Transaction accounts and time certificates are tailored to the principal market area at rates competitive with those offered in the area. All deposit accounts are insured by the FDIC up to the maximum amount permitted by law. The Bank solicits these accounts from individuals, businesses, associations, financial institutions and government authorities. The Bank does not intend to accept brokered deposits. The Bank may also use alternative funding sources as needed, including advances from Federal Home Loan Banks, conduit financing and the packaging of loans for securitization and sale.

Real Estate Loans. The Bank originates residential mortgage loans, which are generally long-term with either fixed or variable interest rates. The Bank's general policy, which is subject to review by management as a result of changing market and economic conditions and other factors, is to retain all variable interest rate mortgage loans in the Bank's loan portfolio and to sell all fixed rate loans in the secondary market. The Bank also offers home equity loans. The Bank's current policy is to retain servicing rights with respect to residential mortgage loans that it originates.

The retention of variable rate loans on the Bank's loan portfolio helps to reduce the Bank's exposure to fluctuations in interest rates. However, such loans generally pose credit risks different from the risks inherent in fixed rate loans, primarily because as interest rates rise, the underlying payments from the borrowers rise, thereby increasing the potential for default.

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Personal Loans and Credit. The Bank makes personal loans, lines of credit and credit cards available to consumers for various purposes, such as the purchase of automobiles, boats and other recreational vehicles, home improvements and personal investments. The Bank's current policy is to retain substantially all of such loans.

Commercial Loans. Commercial loans are made primarily to small and mid-sized businesses. These loans are and will be both secured and unsecured and are made available for general operating purposes, acquisition of fixed assets including real estate, purchases of equipment and machinery, financing of inventory and accounts receivable, as well as any other purposes considered appropriate. The Bank generally looks to a borrower's business operations as the principal source of repayment, but will also receive, when appropriate, mortgages on real estate, security interests in inventory, accounts receivable and other personal property and/or personal guarantees.

Although the Bank takes a progressive and competitive approach to lending, it stresses high quality in its loans. Because of the Bank's local nature, management believes that quality control should be achievable while still providing prompt and personal service. On a monthly basis, the Board of Directors reviews selected loans made in the preceding month. In addition, a loan committee of the Board of Directors of the Bank also reviews larger loans for prior approval when the loan request exceeds the established limits for the senior officers. The Bank also maintains a continuous loan review process

designed to promote early identification of credit quality problems. The Bank's credit review administrator will be responsible for conducting a continuous internal review which tests compliance with the Bank's loan policy and adequate documentation of all loans. Any past due loans and identified problem loans will be reviewed with the Board of Directors on a monthly basis.

Regulatory and supervisory loan-to-value limits are established by Section 304 of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"). The Bank's internal limitations follow those limits and in certain cases are more restrictive than those required by the regulators.

The Bank has established relationships with correspondent banks and other independent financial institutions to provide other services requested by its customers, including loan participations where the requested loan amounts exceed the Bank's policies or legal lending limits.

Other Services. The Bank is considering providing additional services in the future, including trust services. The Bank will need to satisfy applicable legal requirements and obtain regulatory approval before it may offer trust services. The Company does not offer personal computer based at-home banking at the present time. The Company's customers have not expressed strong interest in at-home electronic banking, and management believes that the Bank's personalized service approach benefits from customer visits to the Bank. Management will continue to evaluate the desirability of adding telephone, electronic and at-home banking services. Should the Bank choose to do so, the Bank could provide one or more of these services at a future date using its third-party service provider.

Competition

The banking industry in the Bank's market area has experienced substantial consolidation in recent years. Many of the area's locally owned or managed financial institutions have either been acquired by large regional bank holding companies or have been consolidated into branches of other financial institutions. This consolidation has been accompanied by numerous pricing changes, the dissolution of local boards of directors, management and personnel changes and, in the perception of the Company's management, a decline in the level of customer service. With recent changes in interstate banking regulation, this type of consolidation is expected to continue.

Management believes that this competitive situation, when coupled with the area's growing and diversified economy, creates a favorable opportunity for a new commercial bank managed by experienced local business people. Management's experience indicates that a locally managed community bank can attract customers by providing highly professional personalized attention, responding in a timely manner to product and service requests and exhibiting an active interest in customers' business and personal financial needs. The Bank is currently the only locally managed independent commercial bank with its main office in the Holland-Zeeland area. Management is aware of one savings and loan headquartered in the Holland-Zeeland area.

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The Company's market area is Ottawa County, Michigan. There are many bank, thrift and credit union offices located within the Company's market area. Most are branches of larger financial institutions. The Company also faces competition from finance companies, insurance companies, mortgage companies, securities brokerage firms, money market funds and other providers of financial services. Most of the Company's competitors have been in business a number of years, have established customer bases, are larger and have higher lending limits than the Company. The Company competes for loans principally through its ability to communicate effectively with its customers and to understand and meet their needs. Management believes that the Company's personal service philosophy enhances its ability to compete favorably in attracting individuals and small businesses. The Company actively solicits customers and competes for deposits by offering customers personal attention, professional service, and competitive interest rates.

Employees

As of January 31, 1998, the Bank had 20 full-time and 4 part-time employees, including two commercial loan officers, a mortgage loan officer, a consumer loan officer, two customer service representatives, a vice president of operations and the Bank president. The Company has assembled a staff of experienced, dedicated professionals whose goal is to provide outstanding service. The majority of the Company's management team have at least 10 years of banking experience, and several key personnel have more than 20 years of banking experience.

Properties

The Company's headquarters and the Bank's main office is located at 51 E. Main Street, Zeeland, Michigan 49464, and the telephone number is (616) 748-9491. The main office consists of approximately 1,700 square feet located on the first floor of an office building and approximately 1,500 square feet in the basement. This location is in the heart of the City of Zeeland on Main Street,

which management believes provides recognition and a visible presence in the Holland-Zeeland community. The main office includes three teller stations, two customer service offices, two administrative offices, a vault and safe deposit boxes and an operations center. The Bank has entered into a three year lease with respect to its main office, with renewal options for up to four successive three year terms. The initial rental rate is \$800.00 per month, which increases by 7.5% for each three year renewal period. The Bank is also obligated to pay all costs associated with taxes, assessments, maintenance, utilities and insurance. The Bank estimates that it has spent approximately \$544,000 on leasehold improvements, furniture, fixtures and equipment for the Zeeland main office.

The Bank has a full service branch located at 139 East 8th Street in Holland, Michigan. The office consists of approximately 2,200 square feet and includes three teller stations, two offices, three additional offices for commercial lenders, one drive-through lane, and a vault and safe deposit boxes. The Bank intends to add a 24 hour ATM machine within the next two months. The Bank has entered into a seventeen month lease with a renewal option for one additional year. The initial rental rate is \$1,700 per month which increases to \$1,800 per month during the renewal term. The Bank estimates that it has spent approximately \$232,000 on leasehold improvements, furniture, fixtures and equipment for this Holland branch.

The Bank also has a loan processing branch office located at 106 E. 8th Street in Holland, Michigan. The office consists of approximately 1,200 square feet, including three offices and additional work space in an open office environment. The Bank has entered into a two year lease with renewal options for up to two additional two year terms. The rental rate is \$1,600 per month. The facility is indirectly owned by Mr. Smith, the Chairman and Chief Executive Officer of the Company. See "Certain Transactions -- Lease of Real Property."

The Bank has also leased a branch facility at 701 Maple Avenue, located in the southern part of Holland. This facility will include four teller stations, four offices, three drive-through lanes, a drive-up 24 hour ATM and a vault and safe deposit boxes. The Bank has entered into a two year lease with renewal options for up to four additional three year terms. The initial rental rate is \$1,900 per month, and the rental rate for the renewal terms will be adjusted upwards to reflect changes in the Consumer Price Index. The Bank is also obligated to pay all costs associated with taxes, assessments, maintenance, utilities and insurance. The Bank also has an option to purchase the facility during the term of the lease, including any renewal periods, at the appraised value of the property less the book value of any improvements made by the Bank. The Company expects to spend approximately \$315,000 on leasehold improvements,

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furniture, fixtures and equipment to open this branch. The Bank anticipates that this branch will be open for business within the next three months, assuming receipt of the necessary regulatory approvals.

The Bank has purchased a branch facility located at 2020 Baldwin in Jenison, Michigan, for a purchase price of approximately \$355,000. This facility will include four teller stations, four offices, three drive-through lanes, a vault and safe deposit boxes and the Bank intends to add a drive-up ATM. The Bank expects to spend approximately \$440,000 on leasehold improvements, furniture, fixtures and equipment at this location. The Bank anticipates that this branch will also be open for business within the next three to six months, assuming receipt of the necessary regulatory approvals.

PLAN OF OPERATION

Assuming the successful completion of this Offering, the Company's plan of operation for the next twelve months does not contemplate the need to raise additional capital during that period. Management believes that its current capital together with the net proceeds from this Offering will provide the Company with adequate capital to support its expected level of deposit and loan growth and to otherwise meet its cash and capital requirements for at least the next two or three years.

The Company's plan has been to establish its management team within the first few months of its operations. Management believes that it has been successful in establishing its management team and that it can administer the Company's growth for the next two to three years, with the addition of branch managers, tellers and other staff personnel at any new branches that are opened. Management believes that it will hire approximately eight full time equivalent employees for each additional branch that is opened.

The Bank's main office in Zeeland and its full service and loan processing branches in Holland are leased facilities. The Company has completed substantially all of its planned renovations and equipment purchases with respect to these three facilities. Through January 31, 1998, the Company had spent a total of approximately \$816,000 on leasehold improvements, furniture, fixtures and equipment for these three facilities. See "Business -- Properties."

The Company's plan is to continue to seek out and consider locations for additional branches in its market area. Management believes that multiple branches make the Bank more convenient to its customers and assist the Bank in attracting additional depositors and borrowers. Management anticipates that the Company will add three to four branches in 1998 in addition to the Bank's existing locations, although there can be no assurance that such proposed branches will be added. The Bank has agreed to purchase a bank branch facility in Jenison, Michigan for approximately \$355,000, and anticipates spending approximately \$440,000 on leasehold improvements, furniture, fixtures and equipment for that facility. In addition, the Bank has leased a bank branch facility located in south Holland, and anticipates spending approximately \$315,000 on leasehold improvements, furniture, fixtures and equipment for that facility. The Bank intends to apply for branch approval for the south Holland and Jenison facilities, and anticipates that these branches will be open for business within the next three to six months, assuming receipt of the necessary regulatory approvals. See "Business -- Properties."

The Company will continue to evaluate its products and services and will consider adding additional products and services as appropriate. For example, the Bank is considering providing trust services in the future, although the Bank will need to satisfy applicable legal requirements and obtain regulatory approval before it may offer trust services. The Company does not offer personal computer based at-home banking at the present time. The Company's customers have not expressed strong interest in at-home electronic banking, and management believes that the Bank's personalized service approach benefits from customer visits to the Bank. Management will continue to evaluate the desirability of adding telephone, electronic and at-home banking services. Should the Bank choose to do so, the Bank could provide one or more of these services at a future date using its third-party service providers.

As of December 31, 1997, the Company had a retained deficit of \$165,525, and as of February 28, 1998, the Company had a retained deficit of \$476,319. This retained deficit was primarily the result of pre-opening fees and expenses, provision for loan losses and wages paid to employees. Management believes that the Company will generate a net loss for 1998 as a result of expenditures made to build its management team and open its main office and branch facilities, together with the time needed to more effectively utilize its capital and generate loan interest and fee income by making additional loans. Management believes that the expenditures made in 1997 and 1998 will create the infrastructure and lay the foundation for future growth and profitability in subsequent years.

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MANAGEMENT

Directors and Executive Officers

The directors and executive officers of the Company and the Bank are as follows:

Name	Age	Positions with the Company	Positions with the Bank
Benj. A. Smith, III.....	54	Chairman, Chief Executive Officer and Director	Chairman and Director
Philip J. Koning.....	43	Secretary, Treasurer and Director	President and Director
James L. Batts.....	39	Director	Director
G. Thomas Boylan.....	75	Director	Director
Jessie F. Dalman.....	64	Director	Director
Robert E. DenHerder.....	43	Director	Director
Wayne J. Elhart.....	43	Director	Director
Brian J. Hansen.....	49	Director	Director
James L. Jurries.....	56	Director	Director
John F. Koetje.....	62	Director	Director

The Company has a classified board of directors, with directors serving staggered three-year terms which expire at the relevant annual shareholders meeting. The terms of Messrs. DenHerder, Jurries and Koning expire in 1999, the terms of Messrs. Smith, Elhart, Batts and Boylan expire in 2000, and the terms of Ms. Dalman and Messrs. Koetje and Hansen expires in 2001. There are no family relationships between or among any of the directors or executive officers named above.

Committees of the Bank

The Board of Directors of the Bank had six meetings in 1997. During 1997, each of the directors attended more than 75% of the combined aggregate number of Board meetings and meetings of Board committees on which each served. The Bank also has several committees, composed as follows: Loan Committee (Messrs. Smith, Hansen, DenHerder, Koning and Boylan); Investment Committee (Messrs. Smith, Boylan and Koning); and Audit Committee (Messrs. Hansen, DenHerder and Boylan).

Experience of Directors and Executive Officers

The experience and backgrounds of the directors and executive officers of the Company and the Bank are summarized below:

Benj. A. Smith, III is the Chairman, Chief Executive Officer and a director of the Company and is also Chairman and a director of the Bank. Mr. Smith is an investment advisor and has served from 1992 to the present as the President of Smith & Associates Investment Management Services, an investment management firm located in

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Holland, Michigan. Prior to 1992, Mr. Smith gained 21 years of banking experience at FMB and its subsidiary FMB- First Michigan Bank of Zeeland, Michigan. During his employment at FMB he was responsible for the consolidation of the trust department and investment function under a registered investment advisor, the development and introduction of mutual funds at FMB, the establishment of a broker-dealer operation and the implementation of various employee compensation and stock ownership plans. From 1991 to 1992, Mr. Smith served as Chief Executive Officer of FMB- Financial Group, a wholly owned subsidiary of FMB, which was comprised of a life insurance subsidiary, a trust services bank, a registered broker-dealer and an investment advisory company. Mr. Smith earned a Bachelor of Science degree from Purdue University and a Master of Business Administration, Finance, from Indiana State University. Mr. Smith is a member of the Holland Chamber of Commerce, the Holland Better Business Bureau and the Holland Country Club.

Philip J. Koning has served as President of the Bank since its inception in November, 1997, and serves as the Secretary and Treasurer of the Company and as a director of both the Company and the Bank. Mr. Koning was employed by Smith & Associates Investment Management Services prior to February 1998. Mr. Koning has over 23 years of commercial banking experience, most recently from 1984 to 1997 with First of America Bank in Holland, where he served as a community bank president. Mr. Koning earned a Bachelor of Science in Accounting from Grand Valley State University and a Masters of Business Administration, Finance, from the Seidman Graduate College at Grand Valley State University. Mr. Koning is Chairman of the Zeeland Board of Public Works and a member of the Rotary Club of Holland, the Zeeland Christian School Endowment Committee, HOMECOR (an agency enhancing neighborhoods through private initiative), the City of Holland's Strategic Planning Committee, the Windmill Advisory Committee and the Holland Country Club.

James L. Batts is a director of the Company and the Bank. Mr. Batts has been employed by Batts Inc., a manufacturer of coat hangers, since 1993, most recently as Vice President, International. Mr. Batts is a director of the West Ottawa Public Schools Foundation in Holland, Michigan. Mr. Batts was a director of the Zeeland Chamber of Commerce from 1991 to 1996, and served as President in 1996. Mr. Batts earned a Bachelor of Business Administration degree in Finance and a Masters in Business Administration from Western Michigan University.

G. Thomas Boylan is a director of the Company and the Bank. Mr. Boylan is the President of Light Metals Corporation, a manufacturing company located in Wyoming, Michigan, where he has been employed since 1947.

Jessie F. Dalman is a director of the Company and the Bank. Ms. Dalman is serving her fourth term in the Michigan House of Representatives representing the 90th District (Holland). Ms. Dalman serves as Minority Vice Chair of the Education Committee and is also a member of the Judiciary Committee and the Colleges and Universities Committee. Prior to her election to the Michigan legislature, Ms. Dalman served for twelve years as an Ottawa County Commissioner representing Holland City and Park Township. Ms. Dalman earned a Bachelor of Arts degree in Business Administration from Michigan State University and a Master of Arts degree in Economics from the University of Michigan.

Robert E. DenHerder is a director of the Company and the Bank. Mr. DenHerder is the President of Uniform Color Co., a company located in Holland, Michigan, which manufactures color concentrate for the plastics industry focusing on automotive suppliers. Mr. DenHerder has been employed at Uniform Color Co. since 1981. Mr. DenHerder is a member of the Society of Plastics Engineers, Ducks Unlimited and the Macatawa Area Coordinating Council.

Wayne J. Elhart is a director of the Company and the Bank. Mr. Elhart is the President of Elhart Pontiac GMC Jeep in Holland, Michigan. Mr. Elhart serves

as the President of both the West Michigan Pontiac Dealers Advertising Association and the Out of State Jeep Dealers Advertising Association. Mr. Elhart is a graduate of Northwood University where he earned a Bachelor of Business Administration Degree.

Brian J. Hansen is a director of the Company and the Bank. Mr. Hansen is the President of Dew-El Portables, Inc., a company located in Holland, Michigan, which sells and leases modular buildings primarily to the school market, where he has been employed since 1992. From 1985 to the time he sold the Company in 1994, Mr. Hansen was the president for Dew-El Corporation, a company which sold products to the school market. Mr. Hansen is a former member of the Board of Directors of FMB-First Michigan Bank, Zeeland, Michigan. Mr. Hansen is a member of the Holland Jaycees, the past President of the Holland Chapter of Michigan Steelheaders and past President and an

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organizing member of Wildlife Unlimited, where he is currently chairman of its long range planning development committee for its outdoor learning center. Mr. Hansen has served on various committees at Our Lady of the Lake Church and is presently serving as the owner's representative to the architect/general contractor for the church's building program. Mr. Hansen is a member, and has served on the Board, of the Holland Country Club.

James L. Jurries is a director of the Company and the Bank. Mr. Jurries has served since 1992 as President of Jurries Capital Management, Inc., a real estate, venture capital and investment company located in Holland, Michigan. From 1989 to 1992, Mr. Jurries owned and developed a ten-store Blockbuster Video franchise which he sold to Blockbuster Video in 1992. Mr. Jurries also worked as a commercial loan officer for seven years. Mr. Jurries earned a Bachelor of Arts in Economics from Hope College in Holland and a Master of Business Administration from the University of Michigan. Mr. Jurries is a former member of the Board of Advisors of First of America-West Michigan. Mr. Jurries is a past charter board member of Wildlife Unlimited. Currently, Mr. Jurries is a member of the National Board of Ruffed Grouse Society, the Holland Country Club, the Chamber of Commerce, and several ad hoc committees of religious, charitable, and municipal organizations in Holland, Michigan.

John F. Koetje is a director of the Company and the Bank. Mr. Koetje is a partner in John F. Koetje and Associates, a West Michigan builder of residential and light commercial real estate and apartment complexes. Mr. Koetje is Vice President of the Georgetown Township EDC Board and is a member of the Grand Rapids Home Builders Association and a member of the Hudsonville Christian School Society.

Director Compensation

No salaries or other remuneration have been paid by the Company to its directors or officers except that the Company has granted to each of Messrs. Smith, Boylan, Den Herder, Koning and a former director of the Bank an option to purchase 4,000 shares of Common Stock. See "-- Directors Stock Option Plan." All of the directors of the Company are also directors of the Bank, and all of the officers of the Company are also officers of the Bank and receive compensation for officer positions with the Bank.

No directors' fees have been paid or will be paid during the Bank's first year of operations. The Company anticipates that effective as of the date of this offering each director will be granted stock options to purchase 2,000 shares of Common Stock with an exercise price equal to the initial offering price. All stock options are granted at no cost to the recipient. It is anticipated that after its first year of operations, the Bank will pay each director reasonable fees for service on the Board, which will be comparable to fees paid by other local banks. It is not anticipated that the Company will pay any cash fees to directors for the foreseeable future. However, non-employee directors may receive grants of stock options under the Directors Stock Option Plan. See "-- Directors Stock Option Plan."

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Executive Compensation

Executive officers of the Company who are also employees of the Bank receive no additional compensation for their positions with the Company. No executive officer of the Bank is paid an annual salary in excess of \$80,000, except Mr. Koning whose annual salary is \$100,000. The following table sets forth the compensation paid by the Bank to the persons indicated during the period from the Bank's organization through December 31, 1997.

<TABLE>

SUMMARY COMPENSATION TABLE

Long Term

(a) Name and Principal Position	(b) Year	Annual Compensation		(g) Compensation Awards Securities Underlying Options/SARs (#)	(i) All Other Compensation (\$)
		(c) Salary (\$)	(d) Bonus (\$)		
<S> Benj. A. Smith, III Chairman	<C> 1997	<C> \$ 0	<C> \$ 0	<C> 4,000	<C> --- (1)
Philip J. Koning President	1997	\$28,075	\$ 0	4,000	---

(1) Excludes amounts paid to Smith & Associates. See "Certain Transactions -- Pre-Opening Services."

Stock Option Information

No stock options were granted by the Company from its inception through December 31, 1997. As of February 1, 1998, no stock options or other awards had been granted pursuant to the Company's Stock Compensation Plan. Effective January 25, 1998, the Company awarded stock options to purchase 4,000 shares to each of Messrs. Smith, Boylan, DenHerder, Koning and a former director of the Bank, which become exercisable one year after the grant date. These stock options were granted pursuant to the 1998 Directors' Stock Option Plan, have an exercise price of \$10.00 per share, are exercisable beginning January 25, 1999, and expire on January 25, 2008.

Employee Stock Compensation Plan

The Company has adopted and its shareholders have approved the Macatawa Bank Corporation Stock Compensation Plan (the "Plan"). The purpose of the Plan is to promote the long-term success of the Company for the benefit of its shareholders through stock-based compensation by aligning the personal interests of the Company's key employees with those of its shareholders. The Plan is designed to allow key employees of the Company and certain of its subsidiaries to participate in the Company's future, as well as to enable the Company to attract, retain, and reward such employees. Eligibility is determined by the Committee.

Administration. The Plan is administered by a committee of the Board of Directors (the "Committee"). The Committee will be composed of at least three directors, each of whom is not an employee of the Company. Each member of the Committee is required to be a "disinterested person" within the meaning of Rule 16b-3 of the General Rules and Regulations under the Securities and Exchange Act of 1934, as amended, and no member of the Committee is eligible to participate in the Plan. Subject to the Company's Articles, Bylaws, and the provisions of the Plan, the Committee has the authority to select key employees to whom Awards (as defined below) may be awarded; the type of Awards (or combination thereof) to be granted; the number of shares of Common Stock to be covered by each Award;

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and the terms and conditions of any Award, such as conditions of forfeiture, transfer restrictions and vesting requirements.

The Plan provides for the granting of a variety of stock-based Awards, described in more detail below, such as stock options, including incentive stock options, as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), restricted stock, performance shares, and other stock-based awards. These Awards are granted at no cost to the recipients. The term of the Plan is ten years; no Awards may be granted under the Plan after January 25, 2008.

Types of Awards. The following types of awards ("Awards") may be granted under the Plan:

An "Option" is a contractual right to purchase a number of shares at a price determined at the date the Option is granted. Options include incentive stock options, as defined in Section 422 of the Code, as well as nonqualified stock options. The exercise price included in both incentive stock options and nonqualified stock options must equal at least 100% of the fair market value of the Common Stock at the date of grant. Options are granted at no cost to the recipients.

"Restricted Stock" are shares of Common Stock granted to an employee for no or nominal consideration. Title to the shares passes to the employee at the time of the grant; however, the ability to sell or otherwise dispose of the shares is subject to restrictions and conditions determined by the Committee.

"Performance Shares" are an Award of the right to receive stock or cash of

an equivalent value at the end of the specified performance period upon the attainment of specified performance goals.

An "Other Stock-Based Award" is any other Award that may be granted under the Plan that is valued in whole or in part by reference to or is payable in or otherwise based on Common Stock.

Shares Subject to Plan. A total of 100,000 shares of the Company's Common Stock are reserved for use under the Plan. The shares to be issued under the Plan will be authorized and unissued shares, including shares reacquired by the Company which have that status. The number of shares that may be issued under the Plan and the number of shares subject to Options are subject to adjustments in the event of a merger, reorganization, consolidation, recapitalization, stock dividend, stock split or other change in corporate structure affecting the Common Stock. Subject to certain restrictions, unexercised Options, lapsed shares of Restricted Stock, and shares surrendered in payment for exercised Options may be reissued under the Plan.

Termination or Amendment of the Plan. The Board may at any time amend, discontinue, or terminate the Plan or any part thereof; however, unless otherwise required by law, the rights of a participant may not be impaired without the consent of such participant. In addition, without the approval of the Company's shareholders, no amendment may be made which would increase the aggregate number of shares of Common Stock that may be issued under the Plan, change the definition of employees eligible to receive Awards under the Plan, extend the maximum option period under the Plan, decrease the Option price of any Option to less than 100% of the fair market value on the date of grant, otherwise materially increase the benefits to participants in the Plan or cause the Plan not to comply with certain applicable securities and tax law requirements.

Eligibility. Key employees of the Company and its designated subsidiaries are eligible to be granted Awards under the Plan. Eligibility is determined by the Committee.

Participation and Assignability. Neither the Plan nor any Award agreement granted under the Plan entitles any participant or other employee to any right to continued employment by the Company or any subsidiary. Generally, no Award, Option, or other benefit payable under the Plan may, except as otherwise specifically provided by law, be subject in any manner to assignment, transfer, or encumbrance. However, Nonqualified Stock Options may be transferred without consideration to: (i) an immediate family member of the optionee, (ii) a trust for the benefit of the immediate family members of the optionee, or (iii) a partnership or limited liability Company whose only partners or members are immediate family members of the optionee, if the optionee satisfies such conditions to the transfer as may be required by the Committee. Upon termination of employment, any portion of unexercised Options which are exercisable on the termination date must generally be exercised within three months of the termination date for any

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termination other than as a result of the death, disability, or retirement of the employee, in which case the Plan provides for longer exercise periods.

Federal Tax Consequences. The following summarizes the consequences of the grant and acquisition of Awards under the Plan for federal income tax purposes, based on management's understanding of existing federal income tax laws. This summary is necessarily general in nature and does not purport to be complete. Also, state and local income tax consequences are not discussed and may vary from locality to locality.

Options. Plan participants will not recognize taxable income at the time an Option is granted under the Plan unless the Option has a readily ascertainable market value at the time of grant. Management understands that Options to be granted under the Plan will not have a readily ascertainable market value; therefore, income will not be recognized by participants before the time of exercise of an Option. For nonqualified stock options, the difference between the fair market value of the shares at the time an Option is exercised and the Option price generally will be treated as ordinary income to the optionee, in which case the Company will be entitled to a deduction equal to the amount of the optionee's ordinary income. With respect to incentive stock options, participants will not realize income for federal income tax purposes as a result of the exercise of such Options. In addition, if common stock acquired as a result of the exercise of an incentive stock option is disposed of more than two years after the date the Option is granted and more than one year after the date the Option was exercised, the entire gain, if any, realized upon disposition of such common stock will be treated for federal income tax purposes as capital gain. Under these circumstances, no deduction will be allowable to the Company in connection with either the grant or exercise of an incentive stock option. Exceptions to the general rules apply in the case of a "disqualifying disposition." If a participant disposes of shares of common stock acquired pursuant to the exercise of an incentive stock option before the expiration of one year after the date of exercise or two years after the date of grant, the sale of such stock will be treated as a "disqualifying disposition." As a result, such a participant would recognize ordinary income and the Company would

be entitled to a deduction in the year in which such disposition occurred.

The amount of the deduction and the ordinary income recognized upon a disqualifying disposition would generally be equal to the lesser of: (a) the sale price of the shares sold minus the Option price, or (b) the fair market value of the shares at the time of exercise and minus the Option price. If the disposition is to a related party (such as a spouse, brother, sister, lineal descendant, or certain trusts for business entities in which the seller holds a direct or indirect interest), the ordinary income recognized generally is equal to the excess of the fair market value of the shares at the time of exercise over the exercise price. Any additional gain recognized upon disposition, in excess of the ordinary income, will be taxable as capital gain. In addition, the exercise of incentive stock options may result in an alternative minimum tax liability.

Restricted Stock. Recipients of shares of Restricted Stock that are not "transferable" and are subject to "substantial risk of forfeiture" at the time of grant will not be subject to federal income taxes until the lapse or release of the restrictions on sale of the shares, unless the recipient files a specific election under the Code to be taxed at the time of grant. The recipient's income and the Company's deduction will be equal to the excess of the then fair market value (or sale price) of the shares less any purchase price.

Performance Shares. Participants are not taxed upon the grant of Performance Shares. Upon receipt of the underlying shares or cash, a participant will be taxed at ordinary income tax rates (subject to withholding) on the amount of cash received and/or the current fair market value of stock received, and the Company will be entitled to a corresponding deduction. The participant's basis in any Performance Shares received will be equal to the amount of ordinary income on which he or she was taxed and, upon subsequent disposition, any gain or loss will be capital gain or loss.

Directors Stock Option Plan

The Company has adopted and its shareholders have approved the Macatawa Bank Corporation 1998 Directors' Stock Option Plan (the "Directors Plan"). The Directors Plan is intended to encourage stock ownership by nonemployee directors of the Company and the Bank, and to provide those individuals with additional incentive to manage the Company and the Bank effectively and to contribute to its success. The Directors Plan is also intended to provide a form

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of compensation that will attract and retain highly qualified individuals as nonemployee members of the Board of Directors of the Company and the Bank.

Grant of Options. Options have been granted under the Directors Plan to each of the Bank's original directors (Messrs. Boylan, Den Herder, Koning, Smith and a former director of the Bank) to purchase 4,000 shares of the Company's Common Stock at a price of \$10.00 per share (the "Organizer Options"). In the future options under the Plan may only be granted to directors who are not employed by the Company or any subsidiary. The Directors Plan authorizes the Board of Directors to develop a formula for future option grants but that formula has not yet been developed. All Options granted under the Directors Plan become exercisable one year after the date of grant, including Organizer Options. Options are granted at no cost to the recipient.

The term of each option granted under the Directors Plan is 10 years from the date of grant subject to earlier termination at the end of three years following the director's termination of services as a director, except for the Organizer Options, which continue for a full 10 years from the date granted. The option price for each option must equal 100% of the fair market value of the Company's Common Stock on the date the option is granted. In general, no option may be exercisable in whole or in part prior to the first anniversary of the date of grant of the option. The Directors Plan does not obligate the Company, its Board of Directors or its shareholders to retain an optionee as a director of the Company or the Bank.

Administration. The Directors Plan is administered by a committee of the Board of Directors (the "Directors Plan Committee"). The Directors Plan Committee will be composed of at least three directors, each of whom is not an employee of the Company. Each member of the Directors Plan Committee is required to be a "disinterested person" within the meaning of Rule 16b-3 of the General Rules and Regulations under the Securities and Exchange Act of 1934, as amended. The Directors Plan Committee's authority is limited to interpreting the provisions of the Directors Plan and supervising its administration, including the power to adopt procedures and regulations for administrative purposes.

Shares Subject to Plan. A total of 40,000 shares of the Company's Common Stock are reserved for issuance under the Directors Plan. The shares of Common Stock that may be issued under the Directors Plan pursuant to the exercise of options will consist of authorized and unissued shares, which may include shares reacquired by the Company. The Directors Plan provides for an equitable adjustment in the number, kind, or price of shares of Common Stock covered by

options in the event the outstanding shares of Common Stock are increased, decreased, changed into or exchanged for a different number or kind of shares of the Company through stock dividends or similar changes. Shares previously reserved for issuance under unexercised Options which terminate, whether by expiration or otherwise, may again be reserved for issuance under a subsequent Award.

Termination or Amendment of the Plan. The Board of Directors of the Company may amend or terminate the Directors Plan with respect to shares not subject to options at the time of amendment or termination. The Directors Plan may not be amended without shareholder approval if the amendment would increase the maximum number of shares that may be issued under the Directors Plan, extend the term of the options, decrease the price at which options may be granted, remove the administration of the Directors Plan from the Directors Plan Committee, change the class of persons eligible to receive options or permit the granting of options under the Directors Plan after January 25, 2008. Unless terminated earlier by the Board of Directors, the Directors Plan will expire on January 25, 2008.

Transferability of Options and Common Stock. Generally, options granted under the Directors Plan may be transferred only by will or according to the laws of descent and distribution. However, options may be transferred without consideration to: (i) an immediate family member of the optionee, (ii) a trust for the benefit of the immediate family members of an optionee, or (iii) a partnership or limited liability company whose only partners or members are immediate family members of an optionee, if the optionee satisfies such conditions to the transfer as may be required by the Directors Plan Committee. Options may be exercised only by an optionee or a permitted transferee during an optionee's lifetime. Upon the death of an optionee, all Options held by the decedent, or his or her permitted transferees, and not yet exercisable, become fully exercisable. Before issuing any shares upon the exercise of an option, the Company may require the optionee or the permitted transferee to represent in writing that the shares are being acquired for investment and not for resale. The Company may also delay issuance of the shares until all appropriate registrations or qualifications under federal and state securities laws have been completed.

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Federal Tax Consequences. The following summarizes the consequences of the grant and exercise of options under the Directors Plan for federal income tax purposes, based on management's understanding of existing federal income tax laws. This summary is necessarily general in nature and does not purport to be complete. Also, state and local income tax consequences are not discussed and may vary from locality to locality.

Optionees will not recognize taxable income at the time an option is granted under the Directors Plan unless the option has a readily ascertainable market value at the time of grant. Management understands that options granted under the Directors Plan will not have a readily ascertainable market value; therefore, income will not be recognized by participants before the time of exercise of an option. Because options granted under the Directors Plan will not qualify as incentive stock options under the Code, the difference between the fair market value of the shares at the time an option is exercised and the option exercise price generally will be treated as ordinary income to the optionee. The Company is entitled to a corresponding deduction equal to the amount of an optionee's ordinary income.

Tax consequences to the holder of the shares will arise again at the time the shares of Common Stock are sold. In general, if the shares have been held for more than one year, the gain or loss will be treated as long-term capital gain or loss, but, under current law, the shares must have been held for more than 18 months for the most advantageous tax rate. Otherwise, the gain or loss will be treated as short-term capital gain or loss. The amount of any gain or loss will be calculated under the general principles for determining gain and loss, and will equal the difference between the amount realized in the sale and the tax basis of the shares of Common Stock. The tax basis will generally equal the cost of the shares (the option exercise price paid) plus any income recognized upon exercise of the option.

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CERTAIN TRANSACTIONS

Lease of Real Property

The Bank leases its Holland office located at 106 E. 8th Street, Holland, Michigan 49423, from a corporation wholly owned by Benj. A. Smith, III, the Chairman and a director of the Company and the Bank. The terms of the lease were negotiated on an arm's-length basis. The Company believes that the rent and other terms reflect fair market value. See "Business -- Properties."

Pre-Opening Services

Smith & Associates, which is wholly owned by Benj. A. Smith, III, the Company's Chairman and Chief Executive Officer, received a payment of \$50,000

plus expenses for services rendered in connection with the organization and commencement of operations of the Bank. These services included, among other things, preparation of regulatory filings and activities associated with the pre-opening organization of the Bank, including locating and hiring management, locating and leasing appropriate space, and negotiating and completing the acquisition of assets and services utilized by the Bank. The Company believes that the amount represents the fair market value of the services rendered.

Banking Transactions

The directors and officers of the Company and the Bank have had and are expected to have banking and other transactions with the Company and the Bank in the ordinary course of business. Related party loans totaled approximately \$491,000 at February 28, 1998. All transactions between the Company and affiliated persons, including 5% shareholders, are and will be on terms no less favorable to the Company than could be obtained from independent third parties. Any loans and commitments to lend to such affiliated persons will be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unaffiliated parties of similar creditworthiness.

Indemnification

The Articles and Bylaws of the Company provide for the indemnification of directors and officers of the Company and the Bank, including reasonable legal fees, incurred by such directors and officers while acting for or on behalf of the Company or the Bank as a director or officer, subject to certain limitations. See "Description of Capital Stock -- Anti-Takeover Provisions." The Company has purchased directors' and officers' liability insurance for directors and officers of the Company and the Bank.

Formation of Bank Holding Company

On February 18, 1997, the Bank became a wholly owned subsidiary of the Company pursuant to a Consolidation Agreement filed with and approved by the Federal Reserve Board and the FIB. Pursuant to the Consolidation Agreement, each issued and outstanding share of common stock of the Bank was converted into 1.15 shares of Common Stock of the Company. Directors and executive officers of the Company and the Bank held an aggregate of 135,000 shares of common stock of the Bank and received in exchange for such shares an aggregate of 155,250 shares of Common Stock of the Company. See "Recent Developments" and "Dilution."

27 PRINCIPAL SHAREHOLDERS

The table below sets forth, as of February 28, 1998, certain information regarding the beneficial ownership of the Common Stock by: (i) each person who is known to the Company to be the beneficial owner of more than 5% of the Common Stock, (ii) each of the directors of the Company and (iii) all directors and executive officers of the Company as a group, both before and after giving effect to this Offering.

<TABLE>

Name and Address -----	Common Stock Beneficially Owned(1)	Percent of Class Prior to the Offering	Shares expected to be Purchased in the Offering(2)	Percent of Class After the Offering
<S>	<C>	<C>	<C>	<C>
Benj. A. Smith, III (3) (4) 167 West 11th Street Holland, MI 49423.	40,250	4.3%	17,500	2.6%
Philip J. Koning(4) 51 E. Main Street Zeeland, MI 49464.	11,500	1.2%	5,000	*
James L. Batts 9097 Lake Shore Dr. West Olive, MI 49460	11,500	1.2%	5,000	*
G. Thomas Boylan(4) 458 Maple Lane Saugatuck, MI 49453.	40,250	4.3%	17,500	2.6%
Jessie F. Dalman 450 Brecado Court Holland, MI 49423.	--	*	5,000	*
Robert E. DenHerder(4) 10836 Riley Street Holland, MI 49424.	40,250	4.3%	17,500	2.6%
Wayne J. Elhart 2007 Lakeway Dr. Holland, MI 49423.	17,250	1.8%	7,500	1.1%
Brian J. Hansen 356 Cottage Lane Holland, MI 49424.	23,000	2.5%	10,000	1.5%
James L. Jurries(5)				

444 Brecado Court Holland, MI 49423.	23,000	2.5%	10,000	1.5%
John F. Koetje 6724 36th Avenue Hudsonville, MI 49426. . .	23,000	2.5%	10,000	1.5%
All executive officers and directors as a group (10 people) (3) (4)	230,000	24.5%	105,000	15.0%

*Less than 1.0%

</TABLE>

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- (1) For purposes of this disclosure, shares are considered to be "beneficially" owned if the person has, or shares the power to vote or direct the voting of shares, the power to dispose of or direct the disposition of the shares or the right to acquire beneficial ownership within 60 days. Except as otherwise set forth in the following footnotes, directors and officers have sole voting and investment power or share voting and investment power with their wives.
- (2) Based upon the number of shares of Common Stock that the persons indicated have informed the Company that they intend to purchase in this Offering.
- (3) Includes 15,900 shares of Common Stock held by Mr. Smith's wife.
- (4) Excludes 4,000 shares of Common Stock subject to options granted to each of the named directors, other than Mr. Hansen, under the Directors Stock Option Plan, but which are not exercisable until January 25, 1999.
- (5) Includes 17,250 shares held by trusts for the benefit of Mr. Jurries' children for which Mr. Jurries serves as trustee.

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SUPERVISION AND REGULATION

The following is a summary of certain statutes and regulations affecting the Company and the Bank. This summary is qualified in its entirety by such statutes and regulations. A change in applicable laws or regulations may have a material effect on the Company, the Bank and the business of the Company and the Bank.

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 Bank can be affected not only by management decisions and general 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 Board of Governors of the Federal Reserve System (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 can be significant, and cannot be predicted with a high degree of certainty.

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 Bank 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 Bank, and the public, rather than shareholders of the Bank or the Company.

Federal law and regulations establish supervisory standards applicable to the lending activities of the Bank, 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 with the Federal Reserve Board 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 Bank and to commit resources to support the Bank in circumstances where the Company might not do so absent such policy. In addition, if the Commissioner deems the Bank's capital to be impaired, the Commissioner may require the Bank to restore its capital by a special assessment upon the Company as the Bank's sole shareholder. If the Company were to fail to pay any such assessment, the directors of the Bank would be required, under Michigan law, to sell the shares of the Bank's stock owned by the Company to the highest bidder at either a public or private auction and use the proceeds of the sale to restore the Bank's capital.

Investments and Activities. 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 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. Effective September 29, 1995, bank holding companies may 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 company and all of its insured depository institution affiliates.

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The merger or consolidation of an existing bank subsidiary of the Company with another bank, or the acquisition by such a subsidiary of assets of another bank, or the assumption of liability by such a subsidiary to pay any deposits in another bank, will require 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 the Michigan Banking Code, may be required.

With certain limited exceptions, the BHCA prohibits any bank company from engaging, either directly or indirectly through a subsidiary, in any activity other than managing or controlling banks unless the proposed non-banking activity is one that the Federal Reserve Board has determined to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Under current Federal Reserve Board regulations, such permissible non-banking activities include such things as mortgage banking, equipment leasing, securities brokerage, and consumer and commercial finance company operations. As a result of recent amendments to the BHCA, well-capitalized and well-managed bank holding companies may engage de novo in certain types of non-banking activities without prior notice to, or approval of, the Federal Reserve Board, provided that written notice of the new activity is given to the Federal Reserve Board within 10 business days after the activity is commenced. If a bank company wishes to engage in a non-banking activity by acquiring a going concern, prior notice and/or prior approval will be required, depending upon the activities in which the company to be acquired is engaged, the size of the company to be acquired and the financial and managerial condition of the acquiring bank company.

In evaluating a proposal to engage (either de novo or through the acquisition of a going concern) in a non-banking activity, the Federal Reserve Board will consider various factors, including among others the financial and managerial resources of the bank 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 the bank 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.

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 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 leverage capital requirement expressed as a percentage of total assets, and (ii) a risk-based requirement expressed as a percentage of total risk-weighted assets. The leverage capital requirement consists of a minimum ratio of Tier 1 capital (which consists principally of shareholders' equity) to total assets of 3% for the most highly rated companies, with minimum requirements of 4% to 5% for all others. 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.

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. For example, Federal Reserve Board regulations provide that additional capital may be required to take adequate account of, among other things, interest rate risk and the risks posed by concentrations of credit, nontraditional activities or securities trading activities. 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.

Dividends. The Company is a corporation separate and distinct from the Bank. Most of the Company's revenues will be received by it in the form of dividends, if any, paid by the Bank. Thus, the Company's ability to pay dividends to its shareholders will indirectly be limited by statutory restrictions on its ability to pay dividends. See "SUPERVISION AND REGULATION - the Bank - Dividends." Further, 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 company experiencing earnings weaknesses should not pay cash dividends exceeding its net income or which can only be funded in ways that weakened the bank company's financial health, such

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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 Bank are possessed by the FDIC. The "prompt corrective action" provisions of federal law and regulation authorizes the Federal Reserve Board to restrict the payment of dividends by the Company for an insured bank which fails to meet specified capital levels.

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 Company is authorized to issue preferred stock but it has no current plans to issue any such preferred stock.

The Bank

General. The Bank is a Michigan banking corporation and its deposit accounts are insured by the Bank Insurance Fund (the "BIF") of the FDIC. As a BIF-insured Michigan chartered bank, the Bank is 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 the federal and state laws applicable to the Bank and its operations, 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 non-interest bearing reserves on deposit accounts, and the safety and soundness of banking practices.

Deposit Insurance. As an FDIC-insured institution, the Bank is required to pay deposit insurance premium assessments to the FDIC. The FDIC has 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 respective levels of capital and results of 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.

The Federal Deposit Insurance Act ("FDIA") requires the FDIC to establish assessment rates at levels which will maintain the Deposit Insurance Fund at a mandated reserve ratio of not less than 1.25% of estimated insured deposits. Accordingly, the FDIC established the schedule of BIF insurance assessments for the first semi-annual assessment period of 1998, ranging from 0% of deposits for institutions in the lowest risk category to .27% of deposits for institutions in the highest risk category.

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.

Commissioner Assessments. Michigan banks are required to pay supervisory fees to the Commissioner to fund the operations of the Commissioner. The amount of supervisory fees paid by a bank is based upon the bank's total assets, as reported to the Commissioner.

FICO Assessments. Pursuant to federal legislation enacted September 30, 1996, the Bank, as a member of the BIF, is subject to assessments to cover the payments on outstanding obligations of the Financing Corporation ("FICO"). FICO was created in 1987 to finance the recapitalization of the Federal Savings and Loan Insurance Corporation, the predecessor to the FDIC's Savings Association Insurance Fund (the "SAIF") which insures the deposits of thrift institutions. Until January 1, 2000, the FICO assessments made against BIF members may not exceed 20% of the

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amount of FICO assessments made against SAIF members. Currently, SAIF members pay FICO assessments at a rate equal to approximately 0.063% of deposits while BIF members pay FICO assessments at a rate equal to approximately 0.013% of deposits. Between January 1, 2000 and the maturity of the outstanding FICO obligations in 2019, BIF members and SAIF members will share the cost of the interest on the FICO bonds on a pro rata basis. It is estimated that FICO assessments during this period will be less than 0.025% of deposits

Capital Requirements. The FDIC has established the following minimum capital standards for state-chartered, FDIC-insured non-member banks, such as the Bank: 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. Tier 1 capital 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. For example, FDIC regulations provide that higher capital may be required to take adequate account of, among other things, interest rate risk and the risks posed by concentrations of credit, nontraditional activities or securities trading activities. As a condition to regulatory approval of the Bank's formation, the Bank was required to have an initial capitalization sufficient to provide a ratio of Tier 1 capital to total estimated assets of at least 8% at the end of the third year of operation.

Federal law provides the federal banking regulators with broad power to take prompt corrective action to resolve the problems of undercapitalized institutions. The extent of the regulators' powers depends on whether the institution in question is "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," or "critically undercapitalized." Federal regulations define these capital categories as follows:

<TABLE>

	Total Risk-Based Capital Ratio	Tier 1 Risk-Based Capital Ratio	Leverage Ratio
<S>	<C>	<C>	<C>
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

</TABLE>

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 levels 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. This 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 Bank is restricted as to the maximum amount of dividends it may pay on its common stock. The Bank may not pay

dividends except out of net profits after deducting its losses and bad debts. 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. If the Bank has a surplus less than the amount of its capital, it may not declare or pay any dividend until an amount equal to at least 10% of net profits for the preceding one-half year (in the case of quarterly or semi-annual dividends) or full-year (in the case of annual dividends) has been transferred to surplus.

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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 Bank 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 Bank's Articles of Incorporation do not authorize the issuance of preferred stock and there are no current plans to seek such authorization.

Federal law generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its company if the depository institution would thereafter be undercapitalized. The FDIC may prevent an insured bank from paying dividends if the bank is in default of payment of any assessment due to the FDIC. In addition, the FDIC may prohibit the payment of dividends by the Bank, if such payment is determined, by reason of the financial condition of the Bank, to be an unsafe and unsound banking practice.

Insider Transactions. The Bank is 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. Certain limitations and reporting requirements are also placed on extensions of credit by the Bank to its 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, federal law 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 the Bank maintains a correspondent relationship.

Safety and Soundness Standards. The federal banking agencies have adopted guidelines to promote the safety and soundness of federally insured depository institutions. These guidelines establish standards for internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, asset quality and earnings. 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.

State Bank Activities. Under federal law and FDIC regulations, 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. Federal law, as implemented by FDIC regulations, also prohibits FDIC-insured state banks and their subsidiaries, subject to certain exceptions, from engaging as 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 federal law. These restrictions are not currently expected to have a material impact on the operations of the Bank.

Consumer Protection Laws. The Bank's business includes making a variety of types of loans to individuals. In making these loans, the Bank is subject to State usury and regulatory laws and to various federal statutes, such as the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Real Estate Settlement Procedures Act, and the Home Mortgage Disclosure Act, and the regulations promulgated thereunder, which prohibit discrimination, specify disclosures to be made to borrowers regarding credit and settlement costs, and regulate the mortgage loan servicing activities of the Bank, including the maintenance and operation of escrow accounts and the transfer of mortgage loan servicing. In receiving deposits, the Bank is 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 Bank and its directors and officers.

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Branching Authority. Michigan banks, such as the Bank, have the authority under Michigan law to establish branches anywhere in the State of Michigan, subject to receipt of all required regulatory approvals (including the approval of the Commissioner and the FDIC).

Effective June 1, 1997 (or earlier if expressly authorized by applicable state law), the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "IBBEA") allows banks to establish interstate branch networks through acquisitions of other banks, subject to certain conditions, including certain 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 IBBEA only if specifically authorized by state law. The legislation allowed individual states to "opt-out" of interstate branching authority by enacting appropriate legislation prior to June 1, 1997.

Michigan did not opt out of IBBEA, and now permits both U.S. and non-U.S. banks to establish branch offices in Michigan. The Michigan Banking Code permits, in appropriate circumstances and with the approval of the Commissioner, (i) the acquisition of all or substantially all of the assets of a Michigan-chartered bank by an FDIC-insured bank, savings bank, or savings and loan association located in another state, (ii) the acquisition by a Michigan-chartered bank of all or substantially all of the assets of an FDIC-insured bank, savings bank or savings and loan association located in another state, (iii) 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 by Michigan, (iv) the establishment by a foreign bank, which has not previously designated any other state as its home state under the International Banking Act of 1978, of branches located in Michigan, and (v) the establishment or acquisition of branches in Michigan by FDIC-insured banks located in other states, the District of Columbia or U.S. territories or protectorates having laws permitting Michigan-chartered banks to establish branches in such jurisdiction. Further, the Michigan Banking Code permits, upon written notice to the Commissioner, (i) 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, the District of Columbia, or a U.S. territory or protectorate, (ii) the establishment by Michigan-chartered banks of branches located in other states, the District of Columbia, or U.S. territories or protectorates, and (iii) the consolidation of one or more Michigan-chartered banks and FDIC-insured banks, savings banks or savings and loan associations located in other states, with the resulting organization chartered by one of such other states.

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DESCRIPTION OF CAPITAL STOCK

The Company's authorized capital stock consists of 9,500,000 shares of Common Stock and 500,000 shares of preferred stock, no par value (the "Preferred Stock"). No shares of Preferred Stock have been issued by the Company.

Michigan law allows the Company's Board of Directors to issue additional shares of stock up to the total amount of Common Stock and Preferred Stock authorized without obtaining the prior approval of the shareholders. Macatawa Bank is the transfer agent for the Common Stock.

Common Stock

Dividend Rights. Subject to any prior rights of holders of Preferred Stock then outstanding, the holders of the Common Stock will be entitled to dividends when, as and if declared by the Company's Board of Directors out of funds legally available therefor. Under Michigan law, dividends may be legally declared or paid only if after the distribution the corporation can pay its debts as they come due in the usual course of business and the corporation's 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 then outstanding whose preferential rights are superior to those receiving the distribution. See "Supervision and Regulation -- The Bank -- Dividends."

Funds for the payment of dividends by the Company are expected to be obtained primarily from dividends of the Bank. There can be no assurance that the Company will have funds available for dividends, or that if they are available, that dividends will be declared by the Company's Board of Directors. As the Bank is not expected to be profitable during its start up period, the Company does not expect to be in a position to declare dividends at any time in the near future.

Voting Rights. Subject to the rights, if any, of holders of shares of Preferred Stock then outstanding, all voting rights are vested in the holders of shares of Common Stock. Each share of Common Stock entitles the holder thereof to one vote on all matters, including the election of directors. Shareholders of the Company do not have cumulative voting rights.

Preemptive Rights. Holders of Common Stock do not have preemptive rights.

Liquidation Rights. Subject to any rights of any Preferred Stock then outstanding, holders of Common Stock are entitled to share on a pro rata basis in the net assets of the Company which remain after satisfaction of all liabilities.

Reports to Shareholders. The Company will furnish its shareholders with annual reports containing audited financial information and, for the first three quarters of each fiscal year, quarterly reports containing unaudited financial information. See "Available Information."

Shares Available for Issuance. The availability for issuance of a substantial number of shares of Common Stock and Preferred Stock at the discretion of the Board of Directors will provide the Company with the flexibility to take advantage of opportunities to issue such stock in order to obtain capital, as consideration for possible acquisitions and for other purposes (including, without limitation, the issuance of additional shares through stock splits and stock dividends in appropriate circumstances). There are, at present, no plans, understandings, agreements or arrangements concerning the issuance of additional shares of the Company capital stock, except for the shares of Common Stock reserved for issuance under the Company's stock compensation and stock option plans.

Uncommitted authorized but unissued shares of Common Stock may be issued from time to time to such persons and for such consideration as the Board of Directors of the Company may determine and holders of the then outstanding shares of Common Stock may or may not be given the opportunity to vote thereon, depending upon the nature of any such transactions, applicable law and the judgment of the Board of Directors of the Company regarding the submission of such issuance to the Company's shareholders. As noted, the Company's shareholders will have no preemptive rights to subscribe to newly issued shares.

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Moreover, it will be possible that additional shares of Common Stock would be issued for the purpose of making an acquisition by an unwanted suitor of a controlling interest in the Company more difficult, time consuming or costly or would otherwise discourage an attempt to acquire control of the Company. Under such circumstances, the availability of authorized and unissued shares of Common Stock may make it more difficult for shareholders to obtain a premium for their shares. Such authorized and unissued shares could be used to create voting or other impediments or to frustrate a person seeking to obtain control of the Company by means of a merger, tender offer, proxy contest or other means. Such shares could be privately placed with purchasers who might cooperate with the Board of Directors of the Company in opposing such an attempt by a third party to gain control of the Company. The issuance of new shares of Common Stock could also be used to dilute ownership of a person or entity seeking to obtain control of the Company. Although the Company does not currently contemplate taking any such action, shares of Company capital stock could be issued for the purposes and effects described above, and the Board of Directors reserves its rights (if consistent with its fiduciary responsibilities) to issue such stock for such purposes.

Preferred Stock

The Board of Directors of the Company is authorized to issue Preferred Stock, in one or more series, from time to time, with such voting powers, full or limited, or without voting powers, and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as may be provided in the resolution or resolutions adopted by the Board of Directors. The authority of the Board of Directors includes, but is not limited to, the determination or fixing of the following with respect to shares of such class or any series thereof: (i) the number of shares and designation of such series; (ii) the dividend rate and whether dividends are to be cumulative; (iii) whether shares are to be redeemable, and, if so, whether redeemable for cash, property or rights; (iv) the rights to which the holders of shares shall be entitled, and the preferences, if any, over any other series; (v) whether the shares shall be subject to the operation of a purchase, retirement or sinking fund, and, if so, upon what conditions; (vi) whether the shares shall be convertible into or exchangeable for shares of any other class or of any other series of any class of capital stock and the terms and conditions of such conversion or exchange; (vii) the voting powers, full or limited, if any, of the shares; (viii) whether the issuance of any additional shares, or of any shares of any other series, shall be subject to restrictions as to issuance, or as to the powers, preferences or rights of any such other series; and (ix) any other preferences, privileges and powers and relative, participating, optional or other special

rights and qualifications, limitations or restrictions. The Board of Directors, without stockholder approval, can issue Preferred Stock with voting and conversion rights which could adversely affect the voting power of the common stock.

Anti-Takeover Provisions

In addition to the utilization of authorized but unissued shares as described above, the Company's Articles and the Michigan Business Corporation Act (the "MBCA") contain other provisions which could be utilized by Company to impede certain efforts to acquire control of the Company. Those provisions include the following:

Control Share Act. The MBCA contains provisions intended to protect shareholders and prohibit or discourage certain types of hostile takeover activities. These provisions regulate the acquisition of "control shares" of large public Michigan corporations (the "Control Share Act").

The Control Share Act establishes procedures governing "control share acquisitions." A control share acquisition is defined as an acquisition of shares by an acquirer which, when combined with other shares held by that person or entity, would give the acquirer voting power at or above any of the following thresholds: 20%, 33-1/3% or 50%. Under the Control Share Act, an acquirer may not vote "control shares" unless the corporation's disinterested shareholders vote to confer voting rights on the control shares. The acquiring person, officers of the target corporation, and directors of the target corporation who are also employees of the corporation are precluded from voting on the issue of whether the control shares shall be accorded voting rights. The Control Share Act does not affect the voting rights of shares owned by an acquiring person prior to the control share acquisition.

The Control Share Act entitles corporations to redeem control shares from the acquiring person under certain circumstances. In other cases, the Control Share Act confers dissenters' rights upon all of a corporation's shareholders except the acquiring person.

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The Control Share Act applies only to an "issuing public corporation." The Company falls within the statutory definition of an "issuing public corporation." The Control Share Act automatically applies to any "issuing public corporation" unless the corporation "opts out" of the statute by so providing in its articles of incorporation or bylaws. The Company has not "opted out" of the Control Share Act.

Fair Price Act. Certain provisions of the MBCA (the "Fair Price Act") establish a statutory scheme similar to the supermajority and fair price provisions found in many corporate charters. The Fair Price Act provides that a supermajority vote of 90% of the shareholders and no less than two-thirds of the votes of non-interested shareholders must approve a "business combination." The Fair Price Act defines a "business combination" to encompass any merger, consolidation, share exchange, sale of assets, stock issue, liquidation, or reclassification of securities involving an "interested shareholder" or certain "affiliates." An "interested shareholder" is generally any person who owns 10% or more of the outstanding voting shares of the company. An "affiliate" is a person who directly or indirectly controls, is controlled by, or is under common control with a specified person.

The supermajority vote required by the Fair Price Act does not apply to business combinations that satisfy certain conditions. These conditions include, among others, that: (i) the purchase price to be paid for the shares of the company is at least equal to the greater of (a) the market value of the shares or (b) the highest per share price paid by the interested shareholder within the preceding two-year period or in the transaction in which the shareholder became an interested shareholder, whichever is higher; and (ii) once a person has become an interested shareholder, the person must not become the beneficial owner of any additional shares of the company except as part of the transaction which resulted in the interested shareholder becoming an interested shareholder or by virtue of proportionate stock splits or stock dividends.

The requirements of the Fair Price Act do not apply to business combinations with an interested shareholder that the Board of Directors has approved or exempted from the requirements of the Fair Price Act by resolution at any time prior to the time that the interested shareholder first became an interested shareholder.

Classified Board. The Board of Directors of the Company is classified into three classes, with each class serving a staggered, three-year term. Classification of the Board could have the effect of extending the time during which the existing Board of Directors could control the operating policies of Company even though opposed by the holders of a majority of the outstanding shares of Common Stock.

Under the Company's Articles, all nominations for directors by a shareholder must be delivered to the Company in writing at least 60, but not more than 90, days prior to the annual meeting of the shareholders. A nomination

that is not received within this period will not be placed on the ballot. The Board believes that advance notice of nominations by shareholders will afford a meaningful opportunity to consider the qualifications of the proposed nominees and, to the extent deemed necessary or desirable by the Board of Directors, will provide an opportunity to inform shareholders about such qualifications. Although this nomination procedure does not give the Board of Directors any power to approve or disapprove of shareholder nominations for the election of directors, this nomination procedure may have the effect of precluding a nomination for the election of directors at a particular annual meeting if the proper procedures are not followed.

The Company's Articles provide that any one or more directors may be removed at any time, with or without cause, but only by either: (i) the affirmative vote of a majority of "Continuing Directors" and at least 80% of the directors; or (ii) the affirmative vote, at a meeting of the shareholders called for that purpose, of the holders of at least 80% of the voting power of the then-outstanding shares of capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class. A "Continuing Director" is generally defined in the Articles as any member of the Board who is unaffiliated with any "interested shareholder" (generally, an owner of 10% or more of the Company's outstanding voting shares) and was a member of the Board prior to the time an interested shareholder became an interested shareholder, and any successor of a Continuing Director who is unaffiliated with an interested shareholder and is recommended to succeed a Continuing Director by a majority of the Continuing Directors then on the Board.

Any vacancies in the Board of Directors for any reason, and any newly created directorships resulting from any increase in the number of directors, may be filled only by the Board of Directors, acting by an affirmative vote of

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a majority of the Continuing Directors and an 80% majority of all of the directors then in office, although less than a quorum. Any directors so chosen shall hold office until the next annual meeting of shareholders at which directors are elected to the class to which such a director was named and until their respective successors shall be duly elected and qualified or their resignation or removal. No decrease in the number of directors may shorten the term of any incumbent director.

Notice of Shareholder Proposals. Under the Company's Articles, the only business that may be conducted at an annual or special meeting of shareholders is business that has been brought before the meeting by or at the direction of the majority of the directors or by a shareholder of the Company: (i) who provides timely notice of the proposal in writing to the secretary of the Company and the proposal is a proper subject for action by shareholders under Michigan law or (ii) whose proposal is included in the Company's proxy materials in compliance with all the requirements set forth in the applicable rules and regulations of the Securities and Exchange Commission. To be timely, a shareholder's notice of proposal must be delivered to, or mailed to and received at the principal executive offices of the Company not less than 60 days prior to the date of the originally scheduled annual meeting regardless of any postponements, deferrals or adjournments of that meeting to a later date. With respect to special meetings, notice must be received by the Company not more than 10 days after the Company mails notice of the special meeting. The shareholder's notice of proposal must set forth in writing each matter the shareholder proposes to bring before the meeting including: (i) the name and address of the shareholder submitting the proposal, as it appears on the Company's books and records; (ii) a representation that the shareholder: (a) is a holder of record of stock of the Company entitled to vote at the meeting, (b) will continue to hold such stock through the date on which the meeting is held, and (c) intends to vote in person or by proxy at the meeting and to submit the proposal for shareholder vote; (iii) a brief description of the proposal desired to be submitted to the meeting for shareholder vote and the reasons for conducting such business at the meeting; and (iv) the description of any financial or other interest of the shareholder in the proposal. This procedure may limit to some degree the ability of shareholders to initiate discussions at annual shareholders meetings. It may also preclude the conducting of business at a particular meeting if the proposed notice procedures have not been followed.

Certain Shareholder Action. The Company's Articles require that any shareholder action must be taken at an annual or special meeting of shareholders, that any meeting of shareholders must be called by the Board of Directors or the Chairman of the Board, and prohibit shareholder action by written consent. Shareholders of the Company are not permitted to call a special meeting of shareholders or require that the Board call such a special meeting. The MBCA permits shareholders holding in the aggregate 10% or more of all of the shares entitled to vote at a meeting to request the Circuit Court of the County in which the Company's principal place of business or registered office is located to order a special meeting of shareholders for good cause shown.

Amendment or Repeal of Certain Provisions of the Articles. Under Michigan law, the Board of Directors need not adopt a resolution setting forth an amendment to the Articles before the shareholders may vote on it. Unless the Articles provide otherwise, amendments of the Articles generally require the approval of the holders of a majority of the outstanding stock entitled to vote

thereon, and if the amendment would increase or decrease the number of authorized shares of any class or series, or the par value of such shares, or would adversely affect the rights, powers, or preferences of such class or series, a majority of the outstanding stock of such class or series also would be required to approve the amendment.

The Company's Articles require that in order to amend, repeal or adopt any provision inconsistent with Article VIII relating to the Board of Directors, Article IX relating to shareholder proposals or Article X with respect to certain shareholder action, the affirmative vote of at least 80% of the issued and outstanding shares of Common Stock entitled to vote in the election of directors, voting as a single class must be received; provided, however, that such amendment or repeal or inconsistent provision may be made by a majority vote of such shareholders at any meeting of the shareholders duly called and held where such amendment has been recommended for approval by at least 80% of all directors then holding office and by a majority of the "continuing directors." These amendment provisions could render it more difficult to remove management or for a person seeking to effect a merger or otherwise gain control of the Company. These amendment requirements could, therefore adversely affect the potential realizable value of shareholders' investments.

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Board Evaluation of Certain Offers. Article XII of the Company's Articles provides that the Board of Directors shall not approve, adopt or recommend any offer of any person or entity (other than the Company) to make a tender or exchange offer for any Common Stock, to merge or consolidate the Company with any other entity, or to purchase or acquire all or substantially all of the Company's assets, unless and until the Board has evaluated the offer and determined that it would be in compliance with all applicable laws and that the offer is in the best interests of the Company and its shareholders. In doing so, the Board may rely on an opinion of legal counsel who is independent from the offeror, and/or it may test such legal compliance in front of any court or agency that may have appropriate jurisdiction over the matter.

In making its determination, the Board must consider all factors it deems relevant, including but not limited to: (i) the adequacy and fairness of the consideration to be received by the Company and/or its shareholders, considering historical trading prices of the capital stock of the Company, the price that could be achieved in a negotiated sale of the Company as a whole, past offers, and the future prospects of the Company; (ii) the potential social and economic impact of the proposed transaction on the Company, its subsidiaries, its employees, customers and vendors; (iii) the potential social and economic impact of the proposed transaction on the communities in which the Company and its subsidiaries operate or are located; (iv) the business and financial condition and earnings prospects of the proposed acquiring person or entity; and (v) the competence, experience and integrity of the proposed acquiring person or entity and its or their management.

In order to amend, repeal, or adopt any provision that is inconsistent with Article XII, at least 80% of the shareholders, voting together as a single class, must approve the change, unless the change has been recommended for approval by at least 80% of the directors, in which case a majority of the voting stock could approve the action.

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SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this Offering, the Company expects to have approximately 2,240,125 shares of its Common Stock outstanding. The 1,300,000 shares of the Company's Common Stock purchased in this Offering (plus any additional shares sold upon the Underwriter's exercise of its over-allotment option) have been registered with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), and may generally be resold without registration under the Securities Act unless they were acquired by directors, executive officers, or other affiliates of the Company or the Bank (collectively, "Affiliates"). Affiliates of the Company may generally only sell shares of the Common Stock pursuant to the Commission's Rule 144.

In general, under Rule 144 as currently in effect, an affiliate (as defined in Rule 144) of the Company may sell shares of the Common Stock within any three-month period in an amount limited to the greater of 1% of the outstanding shares of the Company's Common Stock (22,401 shares immediately after the completion of this Offering) or the average weekly trading volume in the Company's Common Stock during the four calendar weeks preceding such sale. Sales under Rule 144 are also subject to certain manner-of-sale provisions, notice requirements and the availability of current public information about the Company.

The Company and the directors and officers of the Company and the Bank (who are expected to hold an aggregate of approximately 222,750 shares after this Offering), have agreed, or will agree, that they will not issue, offer for sale, sell, grant any options for the sale of or otherwise dispose of any shares of Common Stock or any rights to purchase shares of Common Stock, in the open market or otherwise, without the prior written consent of the Underwriter for a period of one year from the date of this Prospectus. In addition, all of those

investors who owned stock in the Bank before it was acquired by the Company, have agreed not to sell any of the Company shares exchanged for their Bank shares prior to November 10, 1998. Prior to this Offering, there has been no public trading market for the Common Stock, and no predictions can be made as to the effect, if any, that sales of shares or the availability of shares for sale will have on the prevailing market price of the Common Stock after completion of this Offering. Nevertheless, sales of substantial amounts of Common Stock in the public market could have an adverse effect on prevailing market prices.

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UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement, Robert W. Baird & Co. Incorporated, as Underwriter, has agreed to purchase from the Company an aggregate of up to 1,300,000 shares of Common Stock at the initial offering price less the Underwriting Discounts and Commissions set forth on the cover page of this Prospectus.

The Underwriting Agreement provides that the Underwriter's obligation to pay for and accept delivery of the shares of Common Stock offered hereby is subject to certain conditions precedent and that the Underwriter will be obligated to purchase all such shares, excluding shares covered by the over-allotment option, if any are purchased.

The Company has been advised by the Underwriter that the Underwriter will purchase the shares of Common Stock offered hereunder at an initial offering price of \$10.00 per share less Underwriting Discounts and Commissions of \$0.70 per share. However, Underwriting Discounts and Commissions will be reduced to \$0.30 per share with respect to sales of shares to any director or officer of the Company or the Bank or their immediate family members ("Affiliated Purchasers"), and will be reduced to \$0.525 for potential investors whose name, address and telephone number are furnished to the Underwriter by the Company prior to the commencement by the Underwriter of the offering process. In addition, with respect to a maximum of 400,000 shares of Common Stock to be sold to persons who previously invested in the Bank in 1997 and were shareholders of the Company prior to this Offering, the Underwriter has agreed that there will be no Underwriting Discounts or Commissions.

The Underwriter has informed the Company that it does not intend to confirm sales of the shares of Common Stock offered hereby to any accounts over which it exercises discretionary authority.

The Company has granted the Underwriter an option exercisable for 30 days after the date of this Prospectus to purchase up to 195,000 additional shares of Common Stock to cover over-allotments, if any, at the same price per share to be paid by the Underwriter for the other shares of Common Stock offered hereby. The Underwriter may exercise such option only for the purpose of covering any over-allotments of the 1,300,000 shares of Common Stock offered hereby.

The Company, its directors and executive officers and those of the Bank have agreed with the Underwriter, for a period of one year after the date of this Prospectus, not to issue, sell, offer to sell, grant any options for the sale of, or otherwise dispose of any shares of Common Stock or any rights to purchase shares of Common Stock, in the open market or otherwise, without the prior written consent of the Underwriter.

The Underwriting Agreement contains indemnity provisions between the Underwriter and the Company and the controlling persons thereof against certain liabilities, including liabilities arising under the Securities Act. The Company is generally obligated to indemnify the Underwriter in connection with losses or claims arising out of any untrue statement of a material fact contained in this Prospectus or in related documents filed with the Commission or with any state securities administrator or any omission of certain material facts from such documents.

There has been no public trading market for the Common Stock. The initial offering price was determined by negotiations between the Company and the Underwriter. This price is not based upon earnings or any history of operations and should not be construed as indicative of the present or anticipated future value of the Common Stock. Several factors were considered in determining the initial offering price of the Common Stock, including the fact that the Bank has commenced operations, the size of the Offering, the desire that the security being offered be attractive to individuals and the Underwriter's experience in dealing with initial public offerings for financial institutions. Prior to this Offering, the Bank sold shares of its common stock to its original investors for a price equivalent to \$8.70 per share of Common Stock.

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LEGAL PROCEEDINGS

Neither the Company nor the Bank is a party to any pending legal proceeding. Management believes there is no litigation threatened in which the Company or the Bank faces potential loss or exposure or which will materially affect shareholders' equity or the Company's business or financial condition upon completion of this Offering.

LEGAL MATTERS

The legality of the shares of Common Stock offered hereby will be passed upon for the Company by Varnum, Riddering, Schmidt & Howlett LLP, Grand Rapids, Michigan. Barrack Ferrazzano Kirschbaum Perlman & Nagelberg, Chicago, Illinois, is acting as counsel for the Underwriter in connection with certain legal matters relating to the shares of Common Stock offered hereby.

Members of Varnum, Riddering, Schmidt & Howlett LLP own, in the aggregate, 11,500 shares of Common Stock.

EXPERTS

The financial statements of the Company included in this Prospectus have been audited by Crowe, Chizek and Company LLP, independent public accountants, as indicated in their report with respect thereto. Such financial statements are included herein and in the Registration Statement in reliance upon such reports given upon the authority of such firm as experts in auditing and accounting.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements concerning certain aspects of the business of the Company. When used in this prospectus, words such as "believe," "anticipate," "intend," "goal," "expects," and similar expressions may identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Prospectus. The Company undertakes no obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

ADDITIONAL INFORMATION

The Company has filed a Registration Statement with the Commission in accordance with the provisions of the Securities Act. This Prospectus does not contain all of the information set forth in the Registration Statement, certain portions of which have been omitted as permitted by the rules and regulations of the Commission. For further information pertaining to the shares of Common Stock offered hereby and to the Company, reference is made to the Registration Statement, including the Exhibits filed as a part thereof, copies of which can be inspected at and copied at the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices located at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, and Room 1400, 75 Park Place, New York, New York 10007. Copies of such materials can also be obtained at prescribed rates by writing to the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. In addition the Company is required to file electronic versions of these documents with the Commission through the Commission's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system. The Commission maintains a World Wide Web site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the provisions discussed above under "Description of Capital Stock - -- Anti-Takeover Provisions" or otherwise, the Company has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

MACATAWA BANK CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

February 28, 1998 (Unaudited) and December 31, 1997

MACATAWA BANK CORPORATION

Zeeland, Michigan

CONSOLIDATED FINANCIAL STATEMENTS

February 28, 1998 (Unaudited) and December 31, 1997

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REPORT OF INDEPENDENT AUDITORS

Board of Directors and Shareholders
Macatawa Bank Corporation
Zeeland, Michigan

We have audited the accompanying consolidated balance sheet of Macatawa Bank Corporation and Subsidiary as of December 31, 1997 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the period from May 21, 1997 (date of inception) through December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides 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 Macatawa Bank Corporation and Subsidiary at December 31, 1997, and the results of their operations and their cash flows for the period from May 21, 1997 (date of inception) through December 31, 1997 in conformity with generally accepted accounting principles.

Crowe, Chizek and Company LLP

Grand Rapids, Michigan
February 25, 1998

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MACATAWA BANK CORPORATION
CONSOLIDATED BALANCE SHEETS
February 28, 1998 (unaudited) and December 31, 1997

<TABLE>

	1998 (Unaudited)	1997
<S>	<C>	<C>
ASSETS		
Cash and due from banks	\$ 764,748	\$ 415,120
Federal funds sold	500,000	
Short-term investments		7,000,000
	-----	-----
Cash and cash equivalents	1,264,748	7,415,120
Securities available for sale, at fair value	14,000,000	2,000,400
Total loans	7,562,015	497,704
Allowance for loan losses	(114,000)	(7,500)
	-----	-----
	7,448,015	490,204
Premises and equipment - net	828,791	681,807
Accrued interest receivable	112,276	38,532
Organizational costs	62,832	66,139
Other assets	116,618	29,991
	-----	-----
Total assets	\$ 23,833,280	\$ 10,722,193
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Noninterest-bearing	\$ 1,384,839	\$ 245,812
Interest-bearing	14,739,581	2,466,411

Total	16,124,420	2,712,223
Accrued expenses and other liabilities	47,911	37,963
<hr/>		
Total liabilities	16,172,331	2,750,186
Shareholders' equity		
Preferred stock, no par value, 500,000 shares authorized; no shares issued and outstanding		
Common stock, no par value: 9,500,000 shares authorized; 1998 and 1997 - 940,125 shares issued and outstanding	8,137,268	8,137,268
Retained deficit	(476,319)	(165,525)
Net unrealized appreciation on securities available for sale, net of tax of \$136		264
<hr/>		
Total shareholders' equity	7,660,949	7,972,007
<hr/>		
Total liabilities and shareholders' equity	\$ 23,833,280	\$ 10,722,193
	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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MACATAWA BANK CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Two months ended February 28, 1998 (unaudited) and period from

May 21, 1997 (date of inception) through December 31, 1997

<TABLE>

	1998 (Unaudited)	1997
	<C>	<C>
<S>		
Interest income		
Loans, including fees	\$ 50,633	\$ 3,448
Securities	117,373	72,834
<hr/>		
Total interest income	168,006	76,282
Interest expense		
Deposits	60,767	5,339
Other		213
<hr/>		
Total interest expense	60,767	5,552
<hr/>		
Net interest income	107,239	70,730
Provision for loan losses	(106,500)	(7,500)
<hr/>		
Net interest income after provision for loan losses	739	63,230
Noninterest income	1,061	
Noninterest expense		
Salaries and benefits	153,723	111,341
Occupancy expense of premises	20,958	9,226
Furniture and equipment expense	16,889	5,328
Legal and professional fees	31,388	18,437
Advertising	17,326	27,698
Supplies	17,721	30,729
Other expense	54,589	25,996
<hr/>		
Total noninterest expenses	312,594	228,755
<hr/>		
Loss before federal income tax	(310,794)	(165,525)
Federal income tax	0	0
<hr/>		
Net loss	\$ (310,794)	\$ (165,525)
	=====	=====
<hr/>		
Basic loss per share	\$ (.33)	\$ (.18)
	=====	=====
<hr/>		
Average shares outstanding	940,125	940,125
	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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MACATAWA BANK CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN
SHAREHOLDERS' EQUITY
Two months ended February 28, 1998 (unaudited) and period from

May 21, 1997 (date of inception) through December 31, 1997

<TABLE>

	Common	Retained	Net Unrealized Appreciation on Securities Available	
Total				
Shareholders'			for Sale,	
Equity	Stock	Deficit	Net of Tax	
<S>	<C>	<C>	<C>	
<C>				
Balance, May 21, 1997	\$ 0	\$ 0	\$ 0	\$
0				
Common stock sale on November 7, 1997	8,137,268			
8,137,268				
Net loss for the period from May 21, 1997 (date of inception) through December 31, 1997 (165,525)		(165,525)		
Net change in unrealized appreciation on securities available for sale, net of tax of \$136			264	
264				
-----	-----	-----	-----	-
Balance, December 31, 1997	8,137,268	(165,525)	264	
7,972,007				
Net loss for two months ended February 28, 1998 (unaudited) (310,794)		(310,794)		
Net change in unrealized appreciation on securities available for sale, net of tax of (\$136) (unaudited) (264)			(264)	
(264)				
-----	-----	-----	-----	-
Balance, February 28, 1998 (unaudited)	\$ 8,137,268	\$ (476,319)	\$ 0	
\$7,660,949				
=====	=====	=====	=====	

</TABLE>

See accompanying notes to consolidated financial statements.

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MACATAWA BANK CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Two months ended February 28, 1998 (unaudited) and period from
May 21, 1997 (date of inception) through December 31, 1997

<TABLE>

	1998 (Unaudited)	1997
<S>	<C>	<C>
Cash flows from operating activities		
Net loss	\$ (310,794)	\$ (165,525)
Adjustments to reconcile net loss to net cash from operating activities		
Depreciation and amortization	15,834	5,769
Provision for loan losses	106,500	7,500
Net change in		
Organizational costs	3,307	(66,139)
Accrued interest receivable and other assets	(160,372)	(68,523)
Accrued expenses and other liabilities	10,084	37,827
	-----	-----
Net cash from operating activities	(335,441)	(249,091)
Cash flows from investing activities		
Net increase in loans	(7,064,310)	(497,704)
Purchase of		
Securities available for sale	(12,000,000)	(2,000,000)
Premises and equipment	(162,818)	(687,576)
	-----	-----
Net cash from investing activities	(19,227,128)	(3,185,280)
Cash flows from financing activities		
Net increase in deposits	13,412,197	2,712,223
Proceeds from the issuance of 940,125 shares		
of common stock		8,137,268
	-----	-----
Net cash from financing activities	13,412,197	10,849,491

Net change in cash and cash equivalents	(6,150,372)	7,415,120
Cash and cash equivalents at beginning of period	7,415,120	0
	-----	-----
Cash and cash equivalents at end of period	\$ 1,264,748	\$ 7,415,120
	=====	=====
Supplemental disclosures of cash flow information		
Cash paid during the period for		
Interest	\$ 40,498	\$ 640

</TABLE>

See accompanying notes to consolidated financial statements.

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MACATAWA BANK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

February 28, 1998 (unaudited) and December 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: The Company became the bank holding company for Macatawa Bank (the "Bank") on February 23, 1998, when all of the Bank's outstanding common stock (817,500 shares) was converted into all of the outstanding common stock of the Company (940,125 shares) and all of the Bank's shareholders became all of the Company's shareholders. The exchange ratio in the conversion was 1.15 shares of Company common stock for each share of Bank common stock. The Bank's common stock had been issued to its shareholders as of November 7, 1997 as a result of a private offering of the Bank's common stock at a price of \$10 per share or a total of \$8,175,000. As this was essentially an internal reorganization, the consolidated financial statements are presented by including operations of the Company and Bank for all periods presented. Further share and per share data has been adjusted for the conversion ratios of 1.15 shares of Company stock for one share of Bank stock.

Macatawa Bank is a community-based financial institution, located in the Holland and Zeeland, Michigan area. The Bank's primary services include accepting deposits and making commercial, mortgage and installment loans in the Michigan counties of Ottawa and Kent. The Bank commenced its application process on May 21, 1997, completed its common stock sale on November 7, 1997 and opened for operations on November 25, 1997 after several months of work by incorporators and employees in preparing applications with the various regulatory agencies and obtaining insurance and building space. While a portion of these costs, those associated with organizational costs (\$66,139), have been capitalized and are being amortized over 60 months, the remaining costs (\$70,059) are included in the 1997 income statement. These financial statements include the results of operations for the period since the commencement of the application process.

Use of Estimates: To prepare financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and future results could differ. The allowance for loan losses and the fair values of financial instruments are particularly subject to change.

Cash Flow Reporting: Cash and cash equivalents include cash on hand, demand deposits with other financial institutions, short-term securities (securities with maturities of equal to or less than 90 days) and federal funds sold. Cash flows are reported net for customer loan and deposit transactions, interest-bearing time deposits with other financial institutions and short-term borrowings with maturities of 90 days or less.

Securities: Securities available for sale consist of those securities which 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 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 held to maturity are investment securities for which the Company has the positive intent and ability to hold to maturity and are reported at cost, adjusted for premiums and discounts that are recognized in interest income using the interest method over the period to maturity.

(Continued)

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MACATAWA BANK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

February 28, 1998 (unaudited) and December 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Premiums and discounts on securities are recognized in interest income using the interest method over the estimated life of the security. Gains and losses on the sale of securities available for sale are determined based upon amortized cost of the specific security sold.

Loans: Loans are reported at the principal balance outstanding, net of deferred loan fees and costs, the allowance for loan losses, and charge-offs. Interest income is reported on the interest method and includes amortization of net deferred loan fees and costs over the loan term.

Allowance for Loan Losses: The allowance for loan losses is a valuation allowance, increased by the provision for loan losses and recoveries, and decreased by charge-offs. Management estimates the allowance balance required based on known and inherent risks in the portfolio, economic conditions and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged-off.

Loan impairment is reported when full payment under the loan terms is not expected. Impairment is evaluated in aggregate for smaller-balance loans of similar nature such as residential mortgage, consumer and credit card loans, and on an individual loan basis for other loans. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate. Loans are evaluated for impairment when payments are delayed, typically 90 days or more, or when the internal grading system indicates a doubtful classification. There were no loans classified as impaired for the periods presented.

Premises and Equipment: Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed using both straight-line and accelerated methods over the estimated useful lives of the respective assets. Maintenance, repairs and minor alterations are charged to current operations as expenditures occur and major improvements are capitalized. These assets are reviewed for impairment under SFAS No. 121 when events indicate the carrying amount may not be recoverable.

Income Taxes: Income tax expense is the sum of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance has been established to the extent of net deferred tax assets due to a lack of operating performance to ensure that it is more likely than not it would be recovered.

(Continued)

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MACATAWA BANK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

February 28, 1998 (unaudited) and December 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed separately. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates. The fair value estimates of existing on-and off-balance sheet financial instruments does not include the value of anticipated future business or the values of assets and liabilities not considered financial instruments.

Dividend Restriction: The Company and Bank are subject to banking regulations which require the maintenance of certain capital levels and which may limit the amount of dividends which may be paid.

Basic Earnings (Loss) Per Share: Basic earnings (loss) per share is based on net income (loss) divided by the weighted average number of shares outstanding during the period.

NOTE 2 - SECURITIES

The amortized cost and fair values of securities were as follows:

<TABLE>

Available for Sale

	Amortized	Gross Unrealized	Gross Unrealized	Fair
--	-----------	---------------------	---------------------	------

<S>	Cost <C>	Gains <C>	Losses <C>	Values <C>
February 28, 1998 (Unaudited)				
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$14,000,000 =====			\$14,000,000 =====
December 31, 1997				
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 2,000,000 =====	\$ 400 =====		\$2,000,400 =====

</TABLE>

There were no sales of securities for two months ended February 28, 1998 (unaudited) and for the period from May 21, 1997 (date of inception) through December 31, 1997.

The Bank held only one available for sale security at year-end 1997 which matures on December 18, 1998.

(Continued)

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MACATAWA BANK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

February 28, 1998 (unaudited) and December 31, 1997

NOTE 2 - SECURITIES (Continued)

Contractual maturities of debt securities at February 28, 1998 were as follows. No held-to-maturity securities existed at February 28, 1998. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<TABLE>

	Available-for-Sale Securities	
	Amortized Cost	Fair Values
<S>	<C>	<C>
Due in 1998	\$ 2,000,000	\$ 2,000,000
Due from 1999 to 2002	4,000,000	4,000,000
Due from 2003 to 2007	8,000,000	8,000,000
	-----	-----
	\$14,000,000	\$ 14,000,000
	=====	=====

</TABLE>

NOTE 3 - LOANS

Loans are as follows:

<TABLE>

	February 28, 1998 (Unaudited)	December 31, 1997
<S>	<C>	<C>
Commercial	\$ 3,620,242	\$ 130,000
Mortgage	2,539,690	207,245
Consumer	1,402,083	160,459
	-----	-----
Allowance for loan losses	7,562,015	497,704
	(114,000)	(7,500)
	-----	-----
	\$ 7,448,015	\$ 490,204
	=====	=====

</TABLE>

Activity in the allowance for loan losses is as follows:

<TABLE>

	Two months ended February 28, 1998 (Unaudited)	Period from May 21, (date of inception) through December 31, 1997
<S>	<C>	<C>
Balance at beginning of period	\$ 7,500	\$ 0
Provision charged to operating expense	106,500	7,500
	-----	-----
Balance at end of period	\$ 114,000	\$ 7,500
	=====	=====

</TABLE>

(Continued)

MACATAWA BANK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

February 28, 1998 (unaudited) and December 31, 1997

NOTE 4 - PREMISES AND EQUIPMENT - NET

Premises and equipment are as follows:

<u><S></u>	<u><C></u> Cost	<u><C></u> Accumulated Depreciation	<u><C></u> Carrying Value
February 28, 1998 (unaudited)			
Building and improvements	\$ 209,984	\$ (2,754)	\$ 207,230
Furniture and equipment	640,411	(18,850)	621,561
-	-----	-----	-----
	\$ 850,395	\$ (21,604)	\$ 828,791
	=====	=====	=====
December 31, 1997			
Building and improvements	\$ 196,761	\$ (1,055)	\$ 195,706
Furniture and equipment	490,815	(4,714)	486,101
-	-----	-----	-----
	\$ 687,576	\$ (5,769)	\$ 681,807
	=====	=====	=====

NOTE 5 - DEPOSITS

Deposits are summarized as follows:

<u><S></u>	<u><C></u> February 28, 1998 (Unaudited)	<u><C></u> December 31, 1997
Noninterest-bearing demand deposit accounts	\$ 1,384,839	\$ 245,812
Money market accounts	8,016,710	1,173,742
NOW and Super NOW accounts	3,276,121	628,653
Savings accounts	663,639	146,973
Certificates of deposit	2,783,111	517,043
-	-----	-----
	\$ 16,124,420	\$ 2,712,223
	=====	=====

</TABLE>
At period end, maturities of certificates of deposits were as follows, for the next five years:

<u><S></u>	<u><C></u> February 28, 1998 (Unaudited)	<u><C></u> December 31, 1997
1998	\$ 2,141,101	\$ 352,203
1999	432,727	158,945
2000	176,372	4,805
2001	31,821	0
2002	1,090	1,090
2003	-----	-----
	\$ 2,783,111	\$ 517,043
	=====	=====

</TABLE>
The Bank had approximately \$1,512,000 and \$200,000 in time certificates of deposit which were in denominations of \$100,000 or more at February 28, 1998 (unaudited) and December 31, 1997, respectively.

(Continued)

MACATAWA BANK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

February 28, 1998 (unaudited) and December 31, 1997

NOTE 6 - FEDERAL INCOME TAXES

The Company recorded no current or deferred benefit for income taxes as a result of recording the valuation allowance in the amount of net deferred tax assets.

Deferred tax assets and liabilities consist of:

<TABLE>	February 28, 1998 (Unaudited) <C>	December 31, 1997 <C>
<S>		
Deferred tax assets		
Net operating loss carryforward (expiring in 2018)	\$ 123,116	\$ 53,656
Provision for loan losses	36,210	2,550
Deferred tax liabilities		
Net unrealized appreciation on securities available for sale	-----	(136) -----
Net deferred tax asset	159,326	56,070
Valuation allowance for deferred tax assets	(159,326) -----	(56,070) -----
Net deferred tax asset after valuation allowance	\$ 0 =====	\$ 0 =====

</TABLE>

As a result of the valuation allowance, the Company's effective tax rate was reduced from the statutory rate of 34% to 0% for both periods.

NOTE 7 - RELATED PARTIES

In the ordinary course of business, certain officers, directors and companies with which they are affiliated have loan and deposit transactions with the Company. Related party loans totaled approximately \$491,000 at February 28, 1998. There were no loans to these related parties at December 31, 1997. Related party deposits totaled approximately \$307,000 at February 28, 1998 and \$611,000 at year end 1997.

(Continued)

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MACATAWA BANK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

February 28, 1998 (unaudited) and December 31, 1997

NOTE 8 - COMMITMENTS AND OFF-BALANCE-SHEET RISK

Some financial instruments are used to meet customer financing needs and to reduce exposure to interest rate changes. These financial instruments include commitments to extend credit and standby letters of credit. These involve, to varying degrees, credit and interest-rate risk in excess of the amount reported in the financial statements.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the commitment, and generally have fixed expiration dates. Standby letters of credit are conditional commitments to guarantee a customer's performance to a third party. Exposure to credit loss if the other party does not perform is represented by the contractual amount for commitments to extend credit and standby letters of credit. Collateral or other security is normally not obtained for these financial instruments prior to their use, and many of the commitments are expected to expire without being used.

A summary of the notional or contractual amounts of financial instruments with off-balance-sheet risk is as follows:

<TABLE>	February 28, 1998 (Unaudited) <C>	December 31, 1997 <C>
<S>		
Commitments to make loans	\$ 2,213,000	\$ 2,290,000
Commercial unused lines of credit	2,459,935	2,000
Consumer unused lines of credit	297,797	129,763
Construction unused lines of credit	66,068	

</TABLE>

The Company has no commitments to make loans and unused lines of credit at fixed rates. The commitments noted above are all at variable rates tied to prime.

The Company conducts substantially all of its business operations in western Michigan.

The Company leases certain office and branch premises and equipment under operating lease agreements. Total rental expense for all operating leases aggregated \$15,000 through February 28, 1998 and \$1,600 in 1997. Future minimum rentals under noncancelable operating leases as of February 28, 1998 and December 31, 1997 are as follows:

	1998 (Unaudited)	1997
<S>	<C>	<C>
1998	\$60,000	\$72,000
1999	60,100	60,100
2000	30,800	30,800
	-----	-----
	\$150,900	\$162,900
	=====	=====

</TABLE>

(Continued)

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MACATAWA BANK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

February 28, 1998 (unaudited) and December 31, 1997

NOTE 9 - REGULATORY MATTERS

The Company is subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weightings, and other factors, and the regulators can lower classifications in certain cases. Failure to meet various capital requirements can initiate regulatory action that could have a direct material effect on the financial statements.

The prompt corrective action regulations provide five classifications, including well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and plans for capital restoration are required. The minimum requirements are:

	Capital to Risk- Weighted Assets		Tier 1 Capital to Average Assets
<S>	Total <C>	Tier 1 <C>	<C>
Well capitalized	10%	6%	5%
Adequately capitalized	8	4	4
Undercapitalized	6	3	3

</TABLE>

Actual capital levels (in thousands) and minimum required levels for the Company and Bank were:

<S>	Actual		Minimum Required For Capital Adequacy Purposes		Minimum Required To Be Well Capitalized Under Prompt Corrective Action Regulations	
	Amount <C>	Ratio <C>	Amount <C>	Ratio <C>	Amount <C>	Ratio <C>
February 28, 1998 (unaudited)						
Total capital (to risk weighted assets)						
Company	\$ 7,775	87.1%	\$ 703	8.0%	\$ 880	10.0%
Bank	7,775	87.1	703	8.0	880	10.0
Tier 1 capital (to risk weighted assets)						
Company	7,661	88.4	352	4.0	528	6.0
Bank	7,661	88.4	352	4.0	528	6.0
Tier 1 capital (to average assets)						
Company	7,661	38.2	802	4.0	1,002	5.0
Bank	7,661	38.2	802	4.0	1,002	5.0

</TABLE>

(Continued)

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NOTE 9 - REGULATORY MATTERS (Continued)
<TABLE>

	Actual		Minimum Required For Capital Adequacy Purposes		Minimum Required To Be Well Capitalized Under Prompt Corrective Action Regulations	
	Amount <C>	Ratio <C>	Amount <C>	Ratio <C>	Amount <C>	Ratio <C>
<S>						
December 31, 1997						
Total capital (to risk weighted assets)						
Company	\$ 7,980	133.8%	\$ 477	8.0%	\$ 596	10.0%
Bank	7,980	133.8	477	8.0	596	10.0
Tier 1 capital (to risk weighted assets)						
Company	7,972	133.7	239	4.0	358	6.0
Bank	7,972	133.7	239	4.0	358	6.0
Tier 1 capital (to average assets)						
Company	7,972	83.3	383	4.0	478	5.0
Bank	7,972	83.3	383	4.0	478	5.0

</TABLE>

The Company and Bank were categorized as well capitalized at February 28, 1998 (unaudited) and December 31, 1997.

NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company opened for operations on November 25, 1997. As there have been no significant changes in interest rates from November 25, 1997 to December 31, 1997, and from January 1, 1998 through February 28, 1998 (unaudited), the values shown on the balance sheet approximate market value at December 31, 1997 and February 28, 1998 (unaudited). The interest rates offered by the Company for its loan products increased .10% during the period while deposit rates stayed the same through December 31, 1997 and decreased .15% through February 28, 1998. Investment securities are disclosed at fair value in Note 2.

While the estimates of fair value are based on management's judgment of the most appropriate factors, there is no assurance that were the Company to have disposed of such items, the estimated fair values would necessarily have been achieved at those dates, since market values may differ depending on various circumstances. The estimated fair values should not necessarily be considered to apply to subsequent dates.

In addition, other assets and liabilities of the Company that are not defined as financial instruments are not included in the above disclosures, such as property and equipment. Also, non-financial instruments typically not recognized in the financial statements nevertheless may have value but are not included in the above disclosures. These include, among other items, the estimated earnings power of core deposit accounts, the trained work force, customer goodwill and similar items.

(Continued)

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MACATAWA BANK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

February 28, 1998 (unaudited) and December 31, 1997

NOTE 11 - SUBSEQUENT EVENTS

Branch Expansion

The Bank has opened a full service branch office in Holland, Michigan. In addition, the Bank has signed a lease on January 1, 1998 for a second branch to be located on the south side of Holland, Michigan and is in the process of acquiring a building in Jenison, Michigan to open a third branch. Appropriate regulatory approvals are required for these branch locations.

Employee Stock Compensation Plan

In 1998, the Company has adopted and its shareholders have approved the Macatawa Bank Corporation Stock Compensation Plan (the "Plan"). The purpose of the Plan is to promote the long-term success of the Company for the benefit of its shareholders through stock-based compensation, by aligning the personal interests of the Company's key employees with those of its shareholders. The Plan is designed to allow key employees of the Company and certain of its subsidiaries to participate in the Company's future, as well as to enable the Company to attract, retain and reward such employees.

The Plan provides for the granting of a variety of stock-based awards, such as stock options, including incentive stock options, as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), restricted stock, performance shares, and other stock-based awards. The term of the Plan is 10 years; no Awards may be granted under the Plan after January 25, 2008.

One hundred thousand (100,000) shares of the Company's common stock are set aside for use under the Plan. The shares to be issued under the Plan will be authorized and unissued shares, including shares reacquired by the Company which have that status. The number of shares that may be issued under the Plan and the number of shares subject to options are subject to adjustments in the event of a merger, reorganization, consolidation, recapitalization, stock dividends, stock splits, or other change in corporate structure affecting the common stock. Subject to certain restrictions, unexercised options, lapsed shares of restricted stock, and shares surrendered in payment for exercising options may be reissued under the Plan.

(Continued)

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MACATAWA BANK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

February 28, 1998 (unaudited) and December 31, 1997

NOTE 11 - SUBSEQUENT EVENTS (Continued)

1998 Directors' Stock Option Plan

In 1998, the Company also adopted and its shareholders have approved the Macatawa Bank Corporation 1998 Directors' Stock Option Plan (the "Directors Plan"). Options have been granted under the Directors' Plan to each of the Bank's original directors to purchase a total of 20,000 shares of the Company's common stock at a price of \$10 per share ("Organizer Options"). In the future options under the Plan may only be granted to directors who are not employed by the Company or any subsidiary. The Directors' Plan authorizes the Board of Directors to develop a formula for future option grants but that formula has not yet been developed.

The term of each option granted under the Directors' Plan is 10 years from the date of grant subject to earlier termination at the end of three years following the director's termination of services as a director, except for organizer options which continue for a full 10 years from the date granted. The option price for each option must equal 100% of the fair market value of the Company's common stock on the date the option is granted. In general, no option may be exercisable in whole or in part prior to the first anniversary of the date of grant of the option.

A total of 40,000 shares of the Company's common stock are reserved for issuance under the Directors' Plan. The shares of common stock that may be delivered under the Directors' Plan pursuant to the exercise of options will consist of authorized and unissued shares, which may include shares reacquired by the Company. The Directors' Plan provides for an equitable adjustment in the number, kind or price of shares of common stock covered by options in the event the outstanding shares of common stock are increased, decreased or changed into or exchanged for a different number or kind of shares of the Company through stock dividends or similar changes.

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No dealer, salesperson or any other person has been authorized to give information or make any representation not contained in this Prospectus in connection with the offer made in this Prospectus, and if given or made, such information or representation must not be relied upon as having been authorized by the Company or the Underwriter. This Prospectus does not constitute an offer to sell or a solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances create any implication that the affairs of the Company since the date hereof or the information herein is correct as of any time subsequent to the date of this Prospectus.

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Until _____, 1998, all dealers effecting transactions in the Common Stock, whether or not participating in this distribution, may be required to deliver a Prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a Prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

1,300,000 Shares

MACATAWA BANK
CORPORATION

Common Stock

PROSPECTUS

Robert W. Baird & Co.
Incorporated

_____, 1998

PART II

Information Not Required in Prospectus

Item 24. Indemnification of Directors and Officers.

Sections 561-571 of the Michigan Business Corporation Act, as amended (the "MBCA"), grant the Registrant broad powers to indemnify any person in connection with legal proceedings brought against him by reason of his present or past status as an officer or director of the Registrant, provided that the person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Registrant, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The MBCA also gives the Registrant broad powers to indemnify any such person against expenses and reasonable settlement payments in connection with any action by or in the right of the Registrant, provided the person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Registrant, except that no indemnification may be made if such person is adjudged to be liable to the Registrant unless and only to the extent the court in which such action was brought determines upon application that, despite such adjudication, but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for reasonable expenses as the court deems proper. In addition, to the extent that any such person is successful in the defense of any such legal proceeding, the Registrant is required by the MBCA to indemnify him against expenses, including attorneys' fees, that are actually and reasonably incurred by him in connection therewith.

The Registrant's Articles of Incorporation contain provisions entitling directors and executive officers of the Registrant to indemnification against certain liabilities and expenses to the full extent permitted by Michigan law.

Under an insurance policy maintained by the Registrant, the directors and officers of the Registrant 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, actions, suits or proceedings, which may be brought against them by reason of being or having been such directors and officers.

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

Item 25. 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 paid by the Company:

<S>		<C>	
SEC Registration Fee.....	\$	4,411	
NASD Filing Fee.....		1,995	
Printing and Mailing Expenses.....		20,000	
Accounting Fees.....		15,000	
Transfer and Registrar's Fees.....		4,000	
Legal Fees and Expenses.....		100,000	
Blue Sky Fees and Expenses.....		20,000	
Miscellaneous.....		5,000	

		\$170,406	

</TABLE>

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Item 26. Recent Sales of Unregistered Securities.

The Company has 940,125 shares of its Common Stock issued and outstanding. These shares were issued on February 23, 1998, in exchange for the 817,500 outstanding shares of Common Stock of the Bank, pursuant to a reorganization in which the Bank became a wholly-owned subsidiary of the Company. The shares of Common Stock were not registered pursuant to the Securities Act of 1933, as amended (the "1933 Act"), pursuant to an exemption claimed under Section 3(a)(10) of the 1933 Act. No underwriter was involved in the reorganization and formation of the holding company.

The shares of stock of the Bank were sold in 1997 and were not required to be registered under the 1933 Act pursuant to an exemption claimed under Section 3(a)(5) of the 1933 Act. No underwriter was involved in the sale.

Item 27. Exhibits.

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

Item 28. Undertakings.

Insofar as indemnification for liabilities under the Securities Act of 1933, as amended (the "1933 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 1933 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 1933 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 Securities Act of 1933, 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 Rule 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 Securities Act of 1933, 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. The undersigned Company hereby undertakes that it will provide to the underwriter, Robert W. Baird & Co., Incorporated, at the closing specified in the Underwriting Agreement, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to such purchaser.

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and has duly caused this Amendment No. 2 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Holland, State of Michigan, on March 13, 1998.

MACATAWA BANK CORPORATION

By: /s/ Benj. A. Smith, III
Benj. A. Smith, III
Chairman of the Board

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Benj. A. Smith, III and Philip J. Koning, 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 Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Date
/s/ Benj. A. Smith, III Benj. A. Smith, III, Principal Executive Officer and a Director	March 13, 1998
/s/ Philip J. Koning Philip J. Koning, Principal Financial and Accounting Officer and a Director	March 13, 1998
/s/ G. Thomas Boylan* G. Thomas Boylan, Director	March 13, 1998
/s/ Robert E. DenHerder* Robert E. DenHerder, Director	March 13, 1998
/s/ Brian J. Hansen* Brian J. Hansen, Director	March 13, 1998
/s/ James L. Batts James L. Batts, Director	March 13, 1998
/s/ Jessie F. Dalman Jessie F. Dalman, Director	March 13, 1998
/s/ Wayne J. Elhart Wayne J. Elhart, Director	March 13, 1998
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/s/ James L. Jurries James L. Jurries, Director	March 13, 1998
/s/ John F. Koetje John F. Koetje, Director	March 13, 1998
*By: /s/ Benj. A. Smith, III Benj. A. Smith, III Attorney-in-Fact	March 13, 1998

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EXHIBIT INDEX

	Exhibit Number and Description	Sequentially Numbered Page
1	Form of Underwriting Agreement	
2*	Consolidation Agreement dated December 10, 1997	
3.1*	Articles of Incorporation of Macatawa Bank Corporation	
3.2*	Bylaws of Macatawa Bank Corporation	
4	Specimen stock certificate of Macatawa Bank Corporation	
5*	Opinion of Varnum, Riddering, Schmidt & Howlett LLP	
10.1*	Macatawa Bank Corporation Stock Compensation Plan	
10.2*	Macatawa Bank Corporation 1998 Directors' Stock Option Plan	
10.3*	Lease Agreement dated July 8, 1997, for the facility located at 51 E. Main Street, Zeeland, Michigan 49464	
10.4*	Lease Agreement dated January 1, 1998, for the facility located at 139 East 8th Street, Holland, Michigan 49423	
10.5*	Lease Agreement dated December 22, 1997, for the facility located at 106 E. 8th Street, Holland, Michigan 49423	
10.6*	Lease Agreement dated January 1, 1998, for the facility located at 701 Maple Street, Holland, Michigan 49424	
10.7*	Real Estate Purchase/Sale Agreement dated January 23, 1998, for the facility located at 2020 Baldwin Street, Jenison, Michigan	
10.8*	Data Processing Agreement between Rurbanc Data Services, Inc. and Macatawa Bank dated October 1, 1997.	
10.9	Magic Line Product Services Agreement between Magic Line, Inc. and Macatawa Bank dated October 1, 1997.	
10.10	FTB Participating Bank Agreement between First Tennessee Bank National Association and Macatawa Bank dated October 24, 1997.	
21*	Subsidiaries of the Registrant	
23.1	Consent of Crowe, Chizek and Company LLP, independent public accountants	
23.2*	Consent of Varnum, Riddering, Schmidt & Howlett LLP (included in opinion filed as Exhibit 5)	
24*	Power of Attorney (included on the signature page on page II-3 of the Registration Statement)	
27	Financial Data Schedule	
*	Previously filed	

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EXHIBIT 1

MACATAWA BANK CORPORATION

1,300,000 Shares

Common Stock

UNDERWRITING AGREEMENT

March __, 1998

Re: Macatawa Bank Corporation

Dear Ladies and Gentleman:

Macatawa Bank Corporation, a Michigan corporation (the "Company"), has authorized capital stock consisting of 9,500,000 shares of common stock, no par value per share ("Common Stock"), and 500,000 shares of Preferred Stock, no par value per share ("Preferred Stock"), of which 940,125 shares of Common Stock and no shares of Preferred Stock, are currently issued and outstanding. Pursuant to this Underwriting Agreement (this "Agreement"), the Company proposes to issue and sell 1,300,000 shares of authorized but unissued Common Stock (the "Firm Common Shares") to Robert W. Baird & Co. Incorporated (the "Underwriter"). In addition, the Company has agreed to grant to the Underwriter an option to purchase up to 195,000 additional shares of Common Stock (the "Optional Common Shares"), as provided in Section 3 hereof. The Firm Common Shares and, to the extent such option is exercised, the Optional Common Shares, are hereinafter collectively referred to as the "Common Shares."

You, the Underwriter, have advised the Company that you propose to make a public offering of the Common Shares as soon thereafter as in your judgment is advisable and that the initial public offering price of the Common Shares will be \$10.00 per share.

The Company hereby confirms its agreements with the Underwriter as follows:

SECTION 1. Representations and Warranties of the Company.

The Company represents and warrants to, and agrees with, the Underwriter that, as of the date hereof, unless otherwise noted:

(a) The Company is duly organized and validly existing as a corporation in good standing under the laws of the State of Michigan, and is duly registered under Section 3(a)(1) of the Bank Holding Company Act of 1956, as amended (the "Bank Holding Company Act"), and any applicable similar state bank holding company statute, with full power and authority to own, lease and operate its properties and conduct business as described in the Prospectus (as defined in Section 1(q) hereof).

Plus an over-allotment option to purchase up to 195,000 additional shares.

(b) The Company is duly qualified to do business as a foreign corporation under the corporation law of, and is in good standing as such in, each jurisdiction other than Michigan in which it owns or leases properties, has an office, or in which its business is conducted and such qualification is required, except where the failure to so qualify would not have a material adverse effect on the condition (financial or other), business, properties, results of operations or, to the extent the Company can reasonably foresee, prospects (collectively, a "Material Adverse Effect") of the Company or Macatawa Bank, a Michigan state banking corporation (the "Bank"), taken separately; and the Company has no knowledge that any proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing, or seeking to revoke, limit or curtail such power and authority or qualification.

(c) The Common Shares (including any Optional Common Shares which may be sold by the Company upon exercise of the option granted in Section 3 hereof) have been duly authorized and, when issued, delivered and paid for pursuant to this Agreement, will be validly issued, fully paid and nonassessable, and will conform to the description thereof contained in the Prospectus and the Registration Statement (as defined in Section 1(q) hereof). Upon consummation of the purchase of the Common Shares under this Agreement, the Underwriter will acquire good and marketable title thereto, free and clear of any lien, claim, encumbrance, security interest or restriction on transfer (except for any restrictions under federal and applicable state securities laws and banking laws). There are no outstanding options, warrants or other rights of any description, contractual or otherwise, entitling any person to be issued any class of security by the Company, except as described in the Prospectus, and there are no holders of Company securities having rights to registration thereof under the Securities Act of 1933, as amended (the "Act") or otherwise.

(d) The execution, delivery and performance by the Company of this Agreement have been duly authorized by all necessary corporate action on the part of the Company, do not and will not violate any provision of the Company's Articles of Incorporation or Bylaws, will not result in the breach, or be in contravention of or constitute a default under, any provision of any agreement, lease, franchise, license, loan agreement, indenture, permit, mortgage, evidence of indebtedness or other instrument to which the Company is a party or by which the Company or any of its properties may be bound or affected, which violation, breach or default could have a material adverse effect ("Material Adverse Effect") on the Company, will not violate any statute, ordinance, order, rule or regulation applicable to the Company, and will not violate any of the Approvals (as defined below) or any order or decree of any court, regulatory body, administrative agency or other governmental body having jurisdiction over the Company or any of its properties. No consent, approval, authorization

or other order of any court, regulatory body, administrative agency or other governmental body is required for the execution and delivery of this Agreement by the Company or the consummation by the Company of the transactions contemplated by this Agreement, except for such as have already been obtained and except for compliance with the Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the state securities laws applicable to the public offering of the Common Shares by the Underwriter ("Blue Sky Laws"), and clearance of such offering and this Agreement with the National Association of Securities Dealers, Inc. ("NASD"). This Agreement has been duly executed and delivered by the Company and is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except that rights to indemnity or contribution may be limited by applicable law and except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws generally affecting the rights of creditors and by equitable principles limiting the right to specific performance or other equitable relief.

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(e) The Company does not own or control, directly or indirectly, any corporation, association, partnership, trust or other business entity, except that as of the First Closing Date and the Second Closing Date (as each such term is defined in Section 3 hereof), the Company will own all of the outstanding securities of the Bank. As of the First Closing Date and the Second Closing Date, as the case may be, all of the outstanding shares of capital stock of the Bank will have been duly authorized and validly issued, will be fully paid and non-assessable, and will be owned by the Company free and clear of any lien, encumbrance, equity, security interest or claim; and no options, warrants or other rights to purchase, agreements or other obligations to issue or rights to convert any obligations into shares of capital stock or ownership interest in the Bank are, or will as of the First Closing Date and the Second Closing Date be, outstanding. The term "subsidiary," as used in this Agreement, shall mean any corporation of which the Company, directly or indirectly, owns in excess of fifty percent (50%) of the outstanding voting securities.

(f) The Company has prepared and filed with the Board of Governors of the Federal Reserve System (the "FRB") in accordance with Section 3(a)(5)(C) of the Bank Holding Company Act, and Section 225.17 of Regulation Y promulgated by the FRB, an application to become a bank holding company which, together with all exhibits, schedules, amendments and supplements thereto, is hereinafter referred to as the "Holding Company Application." Pursuant to Section 225.17 of Regulation Y and the Company's application to become a bank holding company through the acquisition of 100% of the voting stock of the Bank the Company has received permission (the "Holding Company Approval"), from the FRB to become a bank holding company. The Holding Company Approval provides that the acquisition by the Company of the Bank must be made within a "window" commencing 30 days after December 25, 1997, and ending three months after such date, unless the period is extended by the FRB. The Holding Company Approval further requires that the FRB be provided, within 30 days of the Company's acquisition of the Bank's voting stock, certain further information, as set forth therein. In the event that the Company files with the FRB an amendment or supplement to the Holding Company Application, the term "Holding Company Application" shall refer to such amended or supplemented Holding Company Application from and after the time it is filed with the FRB.

(g) The incorporators of the Bank have prepared and filed with the Commissioner (the "Commissioner") of the Financial Institutions Bureau of the State of Michigan (the "FIB"), in accordance with the Michigan Statutes (the "Michigan Statutes") an Application to Organize a De Novo Bank which, together with all exhibits, schedules, amendments and supplements thereto, is hereinafter referred to as the "Charter Application." On July 15, 1997, the Commissioner approved the Charter Application for authority to organize the Bank (the "Charter Approval"), and the Bank commenced operations on [November 17, 1997]. The Charter Approval remains in full force and effect as of the date hereof. In the event that the Company or the Bank files with the Commissioner an amendment or supplement to the Charter Application, the term "Charter Application" shall refer to such amended or supplemented Charter Application from and after the time it is filed with the Commissioner.

(h) The incorporators of the Bank have, on behalf of the Bank, prepared and filed with the Federal Deposit Insurance Corporation (the "FDIC") in accordance with Section 5(a)(1) of the Federal Deposit Insurance Act, as amended (the "Federal Deposit Insurance Act"), an Application for Federal Deposit Insurance which, together with all exhibits, schedules, amendments and supplements thereto, is hereinafter referred to as the "Deposit Insurance Application." On October 17, 1997, the FDIC approved the Deposit Insurance Application, subject to certain terms and conditions (the "Approval of Deposit Insurance"). In the event that the

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Bank files with the FDIC an amendment or supplement to the Deposit Insurance Application, the term "Deposit Insurance Application" shall refer to such amended or supplemented Deposit Insurance Application from and after the time it is filed with the FDIC.

(i) The Company has prepared and filed with the FIB an Application for Approval of the Terms and Conditions of the Issuance, Conversion or Exchange of Securities of a New Holding Company to issue 914,250 shares of its Common Stock, pro rata, to the holders of all of the issued and outstanding shares of capital stock of the Bank (the "Conversion"), pursuant to a Plan of Conversion (the "Plan of Conversion"), which, together with all exhibits, schedules, amendments and supplements thereto, is hereinafter referred to as the "Company Conversion Application." Pursuant to the Company Conversion Application, the Company has received permission (the "Company Conversion Approval"), from the FIB to issue 914,250 shares of its Common Stock, pro rata, to all of the holders of the issued and outstanding shares of the Bank. In the event that the Company files with the FIB an amendment or supplement to the Company Conversion Application, the term "Company Conversion Application" shall refer to such amended or supplemented Company Conversion Application from and after the time it is filed with the FIB.

(j) The Bank has prepared and filed with the FIB an Application to Consolidate/Merge or Purchase the Assets/Branches of a Bank to engage in the Conversion pursuant to the Plan of Conversion, which, together with all exhibits, schedules, amendments and supplements thereto, is hereinafter referred to as the "Bank Conversion Application." Pursuant to the Bank Conversion Application, the Bank has received permission (the "Bank Conversion Approval"), from the FIB to engage in the Conversion pursuant to the Plan of Conversion. In the event that the Bank files with the FIB an amendment or supplement to the Bank Conversion Application, the term "Bank Conversion Application" shall refer to such amended or supplemented Bank Conversion Application from and after the time it is filed with the FIB.

(k) The Bank has prepared and filed with the FDIC an Application for a Merger or other Transaction to enter into a phantom merger for the purpose of effectuating the Conversion pursuant to the Plan of Conversion, which, together with all exhibits, schedules, amendments and supplements thereto, is hereinafter referred to as the "FDIC Conversion Application." Pursuant to the FDIC Conversion Application, the Bank has received permission (the "FDIC Conversion Approval"), from the FDIC to effectuate the Conversion. In the event that the Company files with the FDIC an amendment or supplement to the FDIC Conversion Application, the term "FDIC Conversion Application" shall refer to such amended or supplemented FDIC Conversion Application from and after the time it is filed with the FDIC.

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(l) The Company has previously provided the Underwriter with true and complete copies of the Holding Company Application, Charter Application, the Deposit Insurance Application, the Company Conversion Application, the Bank Conversion Application and the FDIC Merger Application, as each has been amended or supplemented from time to time (the "Applications"), and the Holding Company Approval, Charter Approval, Approval of Deposit Insurance, the Company Conversion Approval, the Bank Conversion Approval and the FDIC Merger Approval, as each has been amended or supplemented in writing from time to time (the "Approvals"). As of the respective times the Applications were filed with the respective authorities, upon the filing or first delivery to the Underwriter of the Prospectus, as of the date hereof and at the First Closing Date and the Second Closing date such Applications each conformed and will conform in all material respects to the respective applicable requirements of the Michigan Statutes, the Bank Holding Company Act, the Federal Deposit Insurance Act and the rules and regulations promulgated by the respective authorities thereunder.

(m) Upon the filing or first delivery to the Underwriter of the Prospectus, as of the date hereof and at the First Closing Date and the Second Closing Date, as the case may be, the Company has received the Holding Company Approval and the Company Conversion Approval (the "Company Approvals") from the FRB and, as of such respective dates: (i) the Company Approvals will be in full force and effect and no action to suspend or revoke the Holding Company Approval will have been taken by the FRB or proceedings therefor initiated or threatened by the FRB; (ii) the Company will not be in breach or default under any condition of or commitment contained in the Company Approvals which can be satisfied as of such date; and (iii) the Company will have satisfied all conditions precedent to the Company Approvals.

(n) Upon the filing or first delivery to the Underwriter of the Prospectus, as of the date hereof and at the First Closing Date and the Second Closing Date, as the case may be, the Bank will be duly organized and validly existing and in good standing under the laws of the State of Michigan as a commercial bank, and will have full power and authority (corporate and other) to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the Prospectus, the Applications and the Approvals, and is not required to be

qualified as a foreign corporation in any jurisdiction, except where the failure so to qualify would not have a material adverse effect. Material Adverse Effect on the conditions or earnings of the Company and its subsidiaries (including the Bank) considered as one enterprise or of the Bank considered separately, and no proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing, or seeking to revoke, limit or curtail, such qualification.

(o) Upon the filing or first delivery to the Underwriter of the Prospectus, as of the date hereof and at the First Closing Date and the Second Closing Date, as the case may be, the Bank will have received the Charter Approval, the Approval of Deposit Insurance, the Bank Conversion Approval and the FDIC Merger Approval (collectively, the "Bank Approvals") from, respectively, the Commissioner and the FDIC and, as of such respective dates: (i) the Bank Approvals will be in full force and effect and no action to suspend or revoke any of the Bank Approvals will have been taken, or proceedings therefor initiated or threatened, by the Commissioner or the FDIC; (ii) the Bank will not be in breach or default under any condition precedent of or commitment contained in any of the Bank Approvals; and (iii) the Bank will have satisfied all conditions precedent to the Bank Approvals.

(p) In addition to the representations regarding federal deposit insurance herein, the Company and the Bank maintain all other insurance of the types and in the amounts generally

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deemed adequate in their respective businesses, and as required by the rules and regulations of all governmental agencies having jurisdiction over the Company or the Bank, all of which insurance is in full force and effect.

(q) A registration statement on Form SB-2 (File No. 333-45755) with respect to the Common Shares, including a preliminary form of prospectus ("Preliminary Prospectus"), has been prepared by the Company in conformity with the requirements of the Act and the rules and regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") thereunder, and has been filed with the Commission. The Company has prepared and filed such amendments thereto, if any, and such amended Preliminary Prospectuses as may have been required to the date hereof, and will file such additional amendments thereto and such amended Preliminary Prospectuses as may hereafter be required. There have been delivered to the Underwriter two signed copies of such registration statement and each amendment thereto, if any, together with two copies of each exhibit filed therewith and two conformed copies of such registration statement and each amendment thereto, if any (but without exhibits), and of each related Preliminary Prospectus and Prospectus. Such registration statement has been declared effective by the Commission under the Act and is not proposed to be amended or, alternatively, has not been declared effective by the Commission under the Act and is proposed to be amended. Such registration statement as finally amended and revised at the time such registration statement becomes effective (including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) and Rule 430A under the Act and deemed to be part of the registration statement if the registration statement has been declared effective pursuant to Rule 430A(b) and all documents incorporated by reference therein) is hereinafter referred to as the "Registration Statement," and the related prospectus in the form first filed with the Commission pursuant to Rule 424(b) or, if no such filing is required, as included in the Registration Statement, is hereinafter referred to as the "Prospectus." The Company is a "small business issuer" as such term is defined in Rule 405 and Regulation S-B under the Act.

(r) Neither the Commission nor any Blue Sky or state securities commissioner has issued any order preventing or suspending the use of any Preliminary Prospectus, and each Preliminary Prospectus complied with the requirements of the Act and the Rules and Regulations and, as of its date, did not include any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made; and when the Registration Statement becomes effective, and at all times subsequent thereto up to each Closing Date (as defined in Section 3 hereof), the Registration Statement and the Prospectus, (excluding from this representation the information referred to in Section 2) and any amendments or supplements thereto, will comply with the requirements of the Act and the Rules and Regulations, and neither the Registration Statement nor the Prospectus, (excluding from this representation the information referred to in Section 2) nor any amendment or supplement thereto, will include any 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 in light of the circumstances under which they were made; provided, however, that the Company makes no representation or warranty as to information contained in or omitted from any Preliminary Prospectus, the Registration Statement, the Prospectus or any such amendment or supplement in reliance upon and in conformity with written information furnished to

the Company by or on behalf of the Underwriter specifically for inclusion in the Prospectus as provided in Section 2 hereof.

(s) Crowe, Chizek & Company LLP, which have expressed their opinion with respect to the financial statements and schedules filed with the Commission as a part of the

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Registration Statement and included or to be included in the Prospectus and in the Registration Statement, are to the best knowledge of the Company independent accountants as required by the Act and the Rules and Regulations.

(t) The financial statements and the related notes thereto and schedules, if any, of the Company included or to be included in the Registration Statement and Prospectus present fairly in all material respects the financial position of the Company and the Bank, as of the dates of such financial statements, and the results of operations, changes in shareholders' equity and changes in cash flows of the Company and the Bank for the periods covered thereby, all in conformity with generally accepted accounting principles consistently applied throughout the periods involved. The Company had an outstanding capitalization as set forth in the Registration Statement and under the caption "Capitalization" in the Prospectus as of the dates indicated therein and there has been no change therein since such dates except as disclosed in the Prospectus. The financial and numerical information and data included in the Registration Statement and Prospectus under the captions "Prospectus Summary," "Use of Proceeds," "Dividend Policy," "Capitalization," "Business," "Management," "Certain Transactions," "Principal Shareholders," "Description of Capital Stock," "Shares Eligible for Future Sale" and the financial statements attached thereto are fairly presented and prepared on a basis consistent with the audited financial statements and the books and records of the Company and the Bank.

(u) Neither the Company nor the Bank is in violation or breach of, or in default under its respective charter or bylaws, or is in violation of or default under: (i) any of the Approvals or any applicable statute, order, judgment, writ, injunction, decree, license, permit, approval, authorization, rule or regulation of any court or any governmental, administrative or regulatory body, agency or authority; (ii) any condition of or commitment contained in any of the Applications, or (iii) any agreement, lease, franchise, license, loan agreement, permit, mortgage, evidence of indebtedness or other instrument to which the Company or the Bank is a party or by which any of either of its respective properties are bound, and there does not exist any state of facts which constitutes an event of default as defined in such documents or which, with notice or lapse of time or both, would constitute such an event of default, where such default or event of default individually or in the aggregate has or would have a Material Adverse Effect on the Company or the Bank.

(v) There are no legal or governmental proceedings pending, or to the Company's knowledge, threatened, to which the Company or the Bank is or may be a party or of which property owned or leased by the Company or the Bank is or may be the subject, or related to product warranty or liability, environmental or employment discrimination matters, including any of which are required to be disclosed in the Registration Statement and the Prospectus and are not disclosed, or which question the validity of this Agreement or any action taken or to be taken pursuant hereto.

(w) The Company and the Bank have good and marketable title to all the properties and assets reflected as owned by the Company or the Bank, respectively, in the financial statements hereinabove described (or elsewhere in the Prospectus or the Registration Statement), free and clear of all liens, mortgages, pledges, charges, security interests or other encumbrances of any kind or nature whatsoever except those, if any, reflected in such financial statements (or elsewhere in the Prospectus or the Registration Statement) or which are not material to the Company or the Bank and do not materially and adversely affect the value of such property or materially and adversely interfere with the use or proposed use of such property. All properties

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held or used by the Company or the Bank under leases, licenses, franchises or other agreements are held by them under valid, subsisting, binding and enforceable leases, licenses, franchises or other agreements with respect to which they are not in default.

(x) The Company has not taken and will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of the Common Stock to facilitate the sale or resale thereof.

(y) Except as reflected in or contemplated by the Registration Statement or the Prospectus, since the respective dates as of which

information is given in the Registration Statement or the Prospectus and prior to the First Closing Date and the Second Closing Date (as such terms are defined in Section 3 hereof):

(i) the Company and the Bank have not incurred and will not have incurred any material liabilities or obligations, direct or contingent, or entered into any transactions, not in the ordinary course of business of the Company or the Bank;

(ii) Except as discussed in the Prospectus, the Company has not and will not have issued any shares of its Common Stock or committed to pay, make or declare any dividends or other distributions with respect to its capital stock, and neither the Company nor the Bank is and will not be delinquent in the payment of principal or interest on any outstanding debt obligations; and

(iii) there has not been and will not have been any change in the capital stock or any material change in the indebtedness of the Company or the Bank, or any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or other), business, properties, results of operations or prospects of the Company or the Bank.

(z) There are no contracts or other documents, transactions or relationships of the Company or the Bank required to be described in the Registration Statement or Prospectus or to be filed as an exhibit to the Registration Statement, which have not been described in the Prospectus or the Registration Statement or filed as exhibits to the Registration Statement.

(aa) All documents delivered or to be delivered by the Company or any of its representatives in connection with the issuance and sale of the Common Shares were, on the dates on which they were delivered, or will be on the dates on which they are to be delivered, true, complete and correct in all material respects.

(bb) The Company and the Bank have filed all necessary federal, state, local and foreign income, sales, use and franchise tax returns and paid all taxes shown as due thereon; no tax deficiency has been asserted or threatened against the Company or the Bank which would have a Material Adverse Effect. No state of facts exists or has existed which would constitute grounds for the assessment of any material tax liability with respect to the periods which have not been audited by appropriate federal, state, local or foreign authorities. The Company has not made a Subchapter S election and has not at any time been and is not qualified as a Subchapter S corporation. The Company and the Bank have maintained their books and records in accordance with generally accepted accounting principles consistently applied, and such books and records are correct and complete, fairly and accurately reflect the income, expenses, assets and liabilities of the Company

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and provide a fair and materially accurate basis for the preparation of the financial statements and financial data contained in the Prospectus.

(cc) Neither the Company nor the Bank has directly or indirectly:

(i) made any unlawful contribution to any candidate for political office, or failed to disclose fully any contribution in violation of law; or

(ii) made any payment to any federal or state or foreign governmental officer or official or other person charged with similar public or quasipublic duties, other than payments required or permitted by the laws of the United States or the several states.

(dd) The Company and the Bank own or possess adequate rights to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses and other proprietary rights ("Trade Rights") necessary for the conduct of their businesses or ownership of their properties, and neither the Company nor the Bank has received any notice of conflict with the asserted rights of others in respect thereof, except as have been previously disclosed in writing to the Underwriter. Except as have been previously disclosed in writing to the Underwriter, neither the Company nor the Bank has infringed, misappropriated or otherwise conflicted with the Trade Rights of any third party, which would reasonably be expected to have a Material Adverse Effect.

(ee) No labor dispute with the employees of the Company or the Bank exists or, to the knowledge of the Company, is threatened or imminent; and the Company has no knowledge of any existing, threatened or imminent labor dispute or disturbance by the employees of any of its principal suppliers, manufacturers, contractors or customers which might reasonably be expected individually or in the aggregate to result in a Material Adverse Effect.

(ff) The Company and the Bank have conducted and are conducting their businesses in compliance with all applicable local, state and federal statutes, laws, rules, regulations or ordinances relating to the environment or the use, disposal or release of any Hazardous Materials (as defined below) (collectively, the "Environmental Laws"), and neither the Company nor the Bank has received any notices of any alleged violation of any Environmental Laws. There has been no Release (as defined below) of Hazardous Materials by the Company or the Bank, or to the Company's knowledge, any other person or entity on, upon, about, in, under or adjacent to the real properties owned, used or leased, or expected to be owned, used or leased, by the Company or the Bank. To the Company's knowledge, there are no conditions existing or that have existed which would subject the Company or the Bank to damages, penalties, injunctive relief or clean-up costs under any Environmental Laws or pursuant to any third-party claim or which require or are likely to require reporting, clean-up, removal, remedial action or other response pursuant to Environmental Laws. For purposes hereof, "Hazardous Materials" means: (i) any petroleum or petroleum products, radioactive materials, friable asbestos, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing detectable levels of polychlorinated biphenyls (PCBs) or radon gas; (ii) any chemicals, materials or substances which are now defined or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," or words of similar import, under any Environmental Law; and (iii) any other chemical, material, substance or waste, exposure to which is now prohibited, limited or regulated by any governmental authority; and "Release" means any release, spilling, emitting, discharging, emptying, leaking, pumping, pouring, injecting, escaping, migrating, leaching,

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dumping or otherwise disposing into the environment (including the atmosphere, soil, surface water, groundwater or property).

(gg) The Company and the Bank hold and are in compliance with all material permits, certificates, licenses, approvals, registrations and authorizations required under all laws, rules and regulations in connection with their businesses, and all of such permits, certificates, licenses, approvals, registrations and authorizations are in full force and effect; and neither the Company nor the Bank has received any notice of threatened proceedings relating to the revocation or modification of any such permit, certificate, license, approval, registration or authorization. Neither the Company nor the Bank is, and neither has been (by virtue of any action, omission to act, contract to which it is a party or any occurrence or state of facts whatsoever) in violation of any applicable federal, state, municipal or local statutes, laws, ordinances, rules, regulations and/or orders issued pursuant to foreign, federal, state, municipal or local statutes, laws, ordinances, rules or regulations (including those relating to environmental protection, occupational safety and health and employment practices) heretofore or currently in effect, except any such violations which have been fully cured or satisfied without recourse or which would not individually or in aggregate have a Material Adverse Effect on the Company or the Bank.

(hh) The provisions of any employee pension benefit plan ("Pension Plan") as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), in which the Company or the Bank is a participating employer are in compliance with ERISA, and neither the Bank nor the Company is in violation of ERISA. The Company or the Bank, as the case may be, has timely filed the reports required to be filed by ERISA in connection with the maintenance of any Pension Plans in which the Company or the Bank is a participating employer, and no facts, including, without limitation, any "reportable event" as defined by ERISA and the regulations thereunder, exist in connection with any Pension Plan in which the Company or the Bank is a participating employer which might constitute grounds for the termination of such plan by the Pension Benefit Guaranty Corporation or for the appointment by the appropriate United States District Court of a trustee to administer any such plan. The provisions of any employee benefit welfare plan, as defined in Section 3(1) of ERISA, in which the Company or the Bank is a participating employer are in compliance with ERISA and the Company or the Bank as the case may be, has timely filed the reports required to be filed by ERISA in connection with the maintenance of any such plans.

(ii) Except as disclosed in writing and not objected to by the Underwriter, the Company has not distributed and will not distribute on or prior to either Closing Date any offering material in connection with the offering and sale of the Common Shares other than a Preliminary Prospectus, the Prospectus, the Registration Statement or other materials permitted by the Act or the Rules and Regulations.

(jj) The Company and the Bank maintain an accounting system sufficient to provide reasonable assurances that: (i) transactions are executed in

accordance with management's general or specific authorizations; and (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and with the rules and regulations of the FRB and the Michigan Statutes.

(kk) Neither the Company nor any of its or the Bank's officers, directors or holders of 5% or more of the Common Stock is "a person associated with a member" of the NASD or is, directly or indirectly, affiliated with a member of the NASD.

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(ll) The Company: (i) is not an "investment company," an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act"), (ii) will not invest the proceeds of the Common Shares pending their use in such a manner that, upon completion of such investment, the Company will be an "investment company" and (iii) is not otherwise subject to the regulations under such act.

(mm) The Company is in compliance with all provisions of Florida Statutes Section 517.075 (Chapter 92-198, Laws of Florida). The Company does not do any business, directly or indirectly, with the government of Cuba or with any person or entity located in Cuba.

(nn) Except pursuant to this Agreement, the Company knows of no outstanding claims for finder's, origination or underwriting fees with respect to the sale of the Common Shares.

(oo) The Company has delivered to the Underwriter a written agreement from each director and officer of the Company and the Bank to the effect that such officer or director will not, without the Underwriter's prior written consent, for a period of one year after the date of the Prospectus, sell, offer to sell, grant any option for the sale of, or otherwise dispose of, any shares of Common Stock or any rights to purchase shares of Common Stock.

(pp) All material transactions between the Company and the Bank and the officers, directors and major shareholders (i.e., those shareholders who beneficially own or will own, following the completion of the offering contemplated by this Agreement, more than 5% of the Company's Common Stock) have been accurately disclosed in the Prospectus, and the terms of each such transaction are fair to the Company and no less favorable to the Company than the terms that could have been obtained from unrelated parties.

Any certificate signed by any officer of the Company and delivered to the Underwriter or to the counsel for the Underwriter shall be deemed a representation and warranty of the Company to the Underwriter as to the matters covered thereby. A certificate delivered by the Company to its counsel for purposes of enabling such counsel to render the opinion referred to in Section 6(f)(i) will also be furnished to the Underwriter and the counsel for the Underwriter and shall be deemed to be additional representations and warranties to the Underwriter by the Company as to the matters covered thereby.

SECTION 2. Representations and Warranties of the Underwriter.

The Underwriter represents and warrants to the Company that the information set forth in the last paragraph of the cover page of the Prospectus and under the caption "Underwriting" in the Prospectus, was furnished to the Company by and on behalf of the Underwriter for use in connection with the preparation of the Registration Statement or the Prospectus and as of its date was correct and complete in all material respects. The Underwriter further represents and warrants that it has provided the Company with any necessary subsequent changes to such information.

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SECTION 3. Purchase, Sale and Delivery of Common Shares.

(a) On the basis of the representations, warranties and agreements herein contained, the Company agrees to sell to the Underwriter and, subject to the terms and conditions herein set forth, and except as provided in the following paragraph, the Underwriter agrees to purchase from the Company for resale, 1,300,000 Common Shares at not less than \$9.30, of which 100,000 shares (excluding shares sold to Prior Investors, Affiliated Purchasers and Named Purchasers, as defined below, and excluding the Optional Common Shares) shall be reserved for sales to persons with established accounts at the Bank as of _____, 1998 ("Bank Customers").

(b) The purchase price will be (i) \$10.00 with respect to sales of an aggregate of not more than 400,000 Common Shares sold to persons who were holders of capital stock of the Bank immediately prior to the Conversion and who sign a one year lock-up agreement (such persons being referred to as "Prior Investors"); (ii) \$9.70 with respect to sales of Common Shares to any person other than a Prior Investor who is a director or officer of the

Company or the Bank and who signs a one year lock-up agreement, and any person who is a family member of an officer or director of the Company or the Bank, whose name, address and telephone number are on a list furnished to the Underwriter as of _____, 1998 (such officers and family members being referred to as "Affiliated Purchasers"); and (iii) \$9.475 with respect to sales of Common Shares to any person whose name appears on the list first referred to in this sentence, other than a Prior Investor or Affiliated Purchaser (such persons being referred to as "Named Purchasers"); provided, however, that (x) the aggregate number of Common Shares to be sold to Affiliated Purchasers and Named Purchasers pursuant to (i) and (ii) of this paragraph (b) shall not exceed 200,000 shares, excluding Common Shares sold to Affiliated Purchasers and Named Purchasers pursuant to paragraph (c) of this Section, and (y) to the extent that the aggregate number of Common Shares sold to Affiliated Purchasers and Named Purchasers pursuant to this paragraph (b) is less than 200,000 shares, such excess shares shall first be allocated to Bank Customers and the purchase price for such excess shares (as well as the purchase price with respect to any shares reserved for sale to Prior Investors but not so sold), shall be \$9.30.

(c) In addition, on the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriter to purchase up to an aggregate of 195,000 Optional Common Shares of the Company at the same purchase price per share to be paid for the Firm Common Shares pursuant to paragraph (a) of this Section, subject only to the last sentence of this paragraph (c), for use solely in covering any over-allotments made by the Underwriter in the sale and distribution of the Firm Common Shares. The option granted hereunder may be exercised at any time (but not more than once) within 30 days after the First Closing Date (as defined below) upon notice by the Underwriter to the Company setting forth the aggregate number of Optional Common Shares as to which the Underwriter is exercising its option, the names and denominations in which the certificates for such shares are to be registered and the time and place at which such certificates will be delivered. Such time of delivery (which may not be earlier than the First Closing Date), being herein referred to as the "Second Closing Date," shall be determined by the Underwriter, but, if at any time other than the First Closing Date, shall not be earlier than three nor later than ten full business days after delivery of such notice of exercise. Certificates for the Optional Common Shares will be made available for checking and packaging at 9:00 a.m., Milwaukee time, on the first full business day preceding the Second Closing Date at a location to be designated by the Underwriter. The manner of payment for and delivery of the Optional Common Shares shall be the

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same as for the Firm Common Shares as specified in the last paragraph of this Section. Notwithstanding anything to the contrary herein, the purchase price for the Optional Common Shares shall be \$9.70 for any Optional Common Shares sold to Affiliated Purchasers, and \$9.475 for any Optional Common Shares sold to Named Purchasers; provided, however, that the portion of the Optional Common Shares that shall be made available by the Underwriter for over-allotments to Affiliated Purchasers and to Named Purchasers shall be not greater than the percentage of the Firm Common Shares actually sold to Affiliated Purchasers and Named Purchasers, respectively, pursuant to paragraph (b) of this Section.

(d) At 9:00 a.m., Milwaukee time, on the third full business day after the initial public offering, or at such other time after the initial public offering as the Underwriter and the Company may agree, the Company will deliver to the Underwriter at its offices located at 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202, certificates representing the Firm Common Shares against payment of the purchase price therefor by certified or bank cashier's check, or by wire transfer, in next day funds payable to the order of the Company. Such time of delivery and payment is herein referred to as the "First Closing Date." The certificates for the Firm Common Shares so to be delivered will be in such denominations and registered in such names as the Underwriter requests by notice to the Company prior to 9:00 a.m., Milwaukee time, on the third full business day preceding the First Closing Date, and will be made available for checking and packaging at 9:00 a.m., Milwaukee time, on the first full business day preceding the First Closing Date at a location to be designated by the Underwriter.

SECTION 4. Covenants of the Company.

The Company covenants that:

(a) If the effective time of the Registration Statement is not prior to the execution and delivery of this Agreement, the Company will use its best efforts to cause the Registration Statement to become effective at the earliest possible time and, upon notification from the Commission that the Registration Statement has become effective, will so advise the Underwriter and counsel for the Underwriter promptly. If the effective time of the Registration Statement is prior to the execution and delivery of this

Agreement and any information shall have been omitted therefrom in reliance upon Rule 430A, the Company, at the earliest possible time, will furnish the Underwriter and counsel to the Underwriter with two copies of the Prospectus to be filed by the Company with the Commission to comply with Rule 424(b) and Rule 430A under the Act, and, if the Underwriter does not object to the contents thereof, will comply with such Rules. Upon compliance with such Rules, the Company will so advise the Underwriter promptly. The Company will advise the Underwriter and counsel for the Underwriter immediately upon notification to it of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the institution of any proceedings for that purpose, or of any notification of the suspension of qualification of the Common Shares for sale in any jurisdiction or the initiation or threatening of any proceedings for that purpose, and will also advise the Underwriter and counsel for the Underwriter promptly of any request of the Commission for amendment or supplement of the Registration Statement, of any Preliminary Prospectus or of the Prospectus, or for additional information, and will not file or make any amendment or supplement to the Registration Statement (either before or after it becomes effective), to any Preliminary Prospectus or to the Prospectus of which the Underwriter have not been furnished with a copy prior to such filing or to which the Underwriter objects.

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(b) If, at any time when a Prospectus relating to the Common Shares is required to be delivered under the Act, any event occurs as a result of which the Prospectus, including any amendments or supplements, would include 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 the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Prospectus, including any amendments or supplements, to comply with the Act, the Company promptly will advise the Underwriter and counsel for the Underwriter thereof and will promptly prepare and file with the Commission an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance; and, in case the Underwriter is required to deliver a prospectus nine months or more after the effective date of the Registration Statement, the Company upon request, and at its expense, will prepare promptly such prospectus or prospectuses as may be necessary to permit compliance with the requirements of Section 10(a)(3) of the Act.

(c) The Company will not, prior to the later of 30 days after the date of this Agreement or 30 days after the Second Closing Date, incur any material liability or obligation, direct or contingent, or enter into any material transaction not in the ordinary course of the business of banking, or any transaction with a related party which is required to be disclosed in the Prospectus pursuant to Item 404 of Regulation S-B under the Act, except as described in the Prospectus or the Registration Statement.

(d) The Company will not acquire any of its capital stock prior to one year after the Second Closing Date nor will the Company declare or pay any dividend or make any other distribution upon its capital stock payable to shareholders of record on a date prior to six months after the Second Closing Date, except as disclosed in the Registration Statement and Prospectus.

(e) The Company will make generally available to its security holders and the Underwriter an earnings statement (which need not be audited) as soon as practicable, but in no event later than 15 months after the end of the Company's current fiscal quarter, covering a period of at least 12 consecutive calendar months beginning after the effective date of the Registration Statement, but beginning not later than four months after such effective date, which will satisfy the provisions of the last paragraph of Section 11(a) of the Act and Rule 158 promulgated thereunder.

(f) During such period as a prospectus is required by law to be delivered in connection with sales by an underwriter or dealer, the Company will furnish to the Underwriter at its expense, copies of the Registration Statement, the Prospectus, any Preliminary Prospectus and all amendments and supplements to any such documents in such quantities as the Underwriter may reasonably request, for the purposes contemplated by the Act.

(g) The Company will cooperate with the Underwriter and counsel for the Underwriter in qualifying or registering, or exempting from qualification or registration, the Common Shares for sale through nonissuer transactions under the Blue Sky Laws of such jurisdictions as the Underwriter shall designate and will continue such qualifications, registrations or exemptions in effect so long as reasonably required for the distribution of the Common Shares, provided, however, that the Underwriter has first consulted with the Company concerning the advisability of such qualification, registration or exemption of the Common Shares. In each jurisdiction where any of the Common Shares shall have been qualified, registered or exempted as provided above, the Company will make all required filings and otherwise comply in all respects with the

undertakings given by the Company in connection with: (i) the Registration Statement

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filed with the Commission; and (ii) the qualification or registration, or exemption from qualification or registration for nonissuer transactions for a period of at least five years from the date of this Agreement (and thereby permit market-making transactions and secondary trading in Common Stock in such jurisdictions).

(h) During the period of five years from the date of this Agreement: (i) as soon as practicable after the end of each fiscal year, the Company will furnish to the Underwriter two copies of the annual report of the Company containing the balance sheet of the Company as of the close of such fiscal year and corresponding statements of income, shareholders' equity and cash flows for the fiscal year then ended, such financial statements to be under the certificate of opinion of the Company's independent public accountants; and (ii) the Company will file promptly and will furnish to the Underwriter at or prior to the filing thereof copies of all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Sections 13, 14 or 15 of the Exchange Act. During such five year period, the Company will also furnish to the Underwriter two copies of the following:

(i) as soon as practicable after the filing thereof, each other report, statement or other document filed by the Company with the Commission;

(ii) as soon as practicable after the filing thereof, all reports, statements, other documents and financial statements furnished by the Company to the NASD or Nasdaq pursuant to the requirements of or agreements with the NASD or Nasdaq; and

(iii) as soon as available, each report, statement or other document of the Company mailed to its shareholders.

(i) Except for the sale of the Common Shares pursuant to this Agreement and as stated in the Prospectus, as filed with the Commission as of the date of this Agreement, the Company will not, directly or indirectly, issue, sell, offer to sell, grant any option for the sale of, or otherwise issue or dispose of any shares of Common Stock, warrants or rights to acquire Common Stock or securities convertible into Common Stock, on the open market or otherwise, except for stock options granted pursuant to the Company's Stock Compensation Plan and Director Stock Option Plan with an exercise price equal to or greater than the FMV as of the grant date for a period of 180 days after the date of the Prospectus, and will not register any of its Common Stock or such warrants or rights for sale under the Act (other than the Common Shares) during such period without the prior written consent of the Underwriter, except that the Company may register on Form S-8 shares to be issued under its director and employee stock plans. The Company has obtained or will obtain for the benefit of the Underwriter the agreement of the officers and directors of the Company and the Bank that for the period indicated in the foregoing sentence, such persons will not offer to sell, sell, contract to sell or otherwise dispose of any shares of Common Stock without the prior written consent of the Underwriter.

(j) To the extent the same are within the control of the Company, the Company will use all reasonable efforts to satisfy or cause to be satisfied the conditions to the obligations of the Underwriter in Section 6 hereof.

(k) The Company shall deliver the requisite notice of issuance to the NASD and shall take all necessary and appropriate action within its power to cause or permit trading and listing of the Common Stock on the OTC Bulletin Board for a period of at least 36 months after the date of this Agreement except during such period(s) in which the Company's common stock shall

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be listed for trading on any of the: (i) Nasdaq SmallCap Market; (ii) the Nasdaq National Market System (the "NMS"); (iii) the American Stock Exchange (the "AMEX"); (iv) the New York Stock Exchange (the "NYSE"); or (v) with the prior written consent of the Underwriter.

(l) The Company shall promptly prepare and file with the Commission, from time to time, such reports as may be required to be filed by the Company under the Act, the Exchange Act or the Rules and Regulations thereto.

(m) The Company will apply the net proceeds from the sale of the Common Shares to be sold by it hereunder for the purposes set forth in the Prospectus.

(n) Neither the Company nor the Bank shall file any amendment or supplement to any of the Applications of which the Underwriter shall not

previously have been advised and furnished with a copy or as to which the Underwriter shall have objected in writing promptly after reasonable notice thereof. In addition, the Company will advise the Underwriter promptly of any of the following events: (i) the issuance by the Commissioner, the FRB or the FDIC of any amendment to any of the Approvals; (ii) the receipt of any comments from the Commissioner, the FRB or the FDIC concerning any of the Applications or the Approvals; (iii) any request by the Commissioner, the FRB or the FDIC for any amendment or supplement to any of the Applications or for additional information; and (iv) the issuance by the Commissioner, the FRB or the FDIC of any order suspending any of the Approvals or the initiation or threatening of any proceedings for that purpose.

SECTION 5. Payment of Expenses.

Whether or not the transactions contemplated hereby are consummated or this Agreement becomes effective or is terminated, the Company agrees to pay:

(a) All costs, fees and expenses (excluding the legal fees and disbursements of counsel for the Underwriter, except as described in Section 5(b) below) incurred in connection with the performance of the Company's obligations hereunder, including, without limiting the generality of the foregoing, all fees and expenses of the Company's counsel and accountants, all costs and expenses incurred in connection with the preparation, printing, filing and distribution of the Registration Statement, each Preliminary Prospectus and the Prospectus (including all exhibits and financial statements) and all amendments and supplements provided for herein, this Agreement, the various Underwriter's letters and the Preliminary and Supplemental Blue Sky Memoranda;

(b) All registration fees and expenses, including legal fees and disbursements of counsel for the Underwriter, incurred in connection with the qualifying or registering all or any part of the Common Shares for offer and sale under the Blue Sky Laws and clearing the underwriting arrangements with the NASD; provided, however, that the amount payable to the Underwriter for legal fees under this paragraph shall not exceed \$20,000 without the prior consent of the Company; and

(c) All fees and expenses of the Company's transfer agent, all costs and expenses of printing of the certificates for the Common Shares, all transfer taxes, if any, with respect to the sale and delivery of the Common Shares, and all fees of the OTC Bulletin Board, if any.

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SECTION 6. Conditions of the Obligations of the Underwriter.

The obligations of the Underwriter to purchase and pay for the Firm Common Shares on the First Closing Date and the Optional Common Shares on the Second Closing Date shall be subject to the accuracy of the representations and warranties of the Company herein set forth as of the date hereof and as of the First Closing Date or the Second Closing Date, as the case may be, to the accuracy of the statements of the Company's officers made pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions, unless waived in writing by the Underwriter:

(a) The Registration Statement shall have become effective not later than 1:00 p.m., Milwaukee time, on the date hereof or such later time and date as shall have been consented to by the Underwriter but in no event later than 1:00 p.m., Milwaukee time, on the third full business day following the date hereof. If the Company omitted information from the Registration Statement at the time it became effective in reliance on Rule 430A under the Act, the Prospectus shall have been filed with the Commission in compliance with Rule 424(b) and 430A under the Act. No stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceeding 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 Blue Sky or state securities commissioner, and any request of the Commission or Blue Sky or state securities commissioner, for inclusion of additional information in the Registration Statement or otherwise, shall have been complied with to the Underwriter's reasonable satisfaction.

(b) The Common Shares shall have been qualified or registered for sale, or shall be exempt from such qualification or registration requirements, under the Blue Sky Laws of such jurisdictions as shall have been specified by the Underwriter prior to the date hereof and shall be approved for listing on the OTC Bulletin Board. The offering and the underwriting arrangements covered hereby shall have been cleared by the NASD.

(c) The legality and sufficiency of the authorization, issuance and sale of the Common Shares hereunder, the validity and form of the certificates representing the Common Shares, the execution and delivery of this Underwriting Agreement, all corporate proceedings and other legal

matters incident thereto and the form of the Registration Statement and the Prospectus (except financial statements and other financial and statistical data included therein) shall have been approved by Barack Ferrazzano Kirschbaum Perlman & Nagelberg, counsel for the Underwriter, to the satisfaction of the Underwriter.

(d) After consulting with counsel, the Underwriter shall not have advised the Company that, in its opinion, the Registration Statement or Prospectus, or any amendment or supplement thereto, contains an untrue statement of fact which is or may be material or omits to state a fact which is material and is required to be stated therein or necessary to make the statements therein not misleading.

(e) Since the dates as of which information is given in the Registration Statement:

(i) there shall not have been any material adverse change, or any development involving a prospective adverse change, in the ability of the Company or the Bank to conduct its business (whether by reason of any court, legislative, other governmental action, order, decree, or otherwise), or in the general affairs, management, business, properties, financial

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condition, results of operations or, to the extent the Company can reasonably foresee, prospects of the Company or the Bank, whether or not arising from transactions in the ordinary course of business;

(ii) there shall not have been any change in the capital stock or any material adverse change in the indebtedness of the Company and the Company shall not have acquired any of its capital stock nor shall the Company have declared or paid any dividend, or made any other distribution, upon its outstanding capital stock payable to shareholders of record on a date prior to the First Closing Date or Second Closing Date, as the case may be; and

(iii) the Company shall not have sustained any loss or interference with its business from any labor dispute, fire, explosion, flood, accident or other calamity or from any court or governmental action, order or decree; the effect of which on the Company, in any such case described in clause (i), (ii) or (iii) of this subsection 6(e), is in the Underwriter's opinion so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Common Shares on the terms and in the manner contemplated in the Registration Statement and the Prospectus.

(f) There shall have been furnished to the Underwriter on each Closing Date, except as otherwise expressly provided below:

(i) An opinion of Varnum, Riddering Schmidt & Howlett LLP, counsel for the Company, addressed to the Underwriter and dated the First Closing Date or the Second Closing Date, as the case may be, to the effect that:

(1) The Company is duly organized and validly existing as a corporation under the laws of the State of Michigan, and is a bank holding company under Section 3(a)(1) of the Bank Holding Company Act, with full corporate power and authority to own its properties and conduct its business as described in the Prospectus; and the Company is duly qualified to do business as a foreign corporation in each jurisdiction in which it owns or leases properties, has an office, or in which business is conducted and such qualification is required, except where the failure to so qualify would not have a Material Adverse Effect.

(2) The authorized capital stock of the Company consists of 9,500,000 shares of Common Stock, no par value per share, of which 914,250 shares are issued and outstanding, and 500,000, shares of Preferred Stock, no par value per share, of which no shares are outstanding, as of the date prior to the First Closing Date; and when issued, the Common Shares will conform as to legal matters to the description thereof in the Registration Statement and Prospectus, and the authorized and outstanding stock of the Company is as set forth under the caption "Capitalization" in the Prospectus and the statements made in the Prospectus under the caption "Description of Capital Stock" are accurate in all material respects.

(3) To the knowledge of such counsel, there are no preemptive, preferential or other rights to subscribe for or purchase any of the Common Shares to be sold by the Company hereunder; and no shares of Common Stock have been issued in violation of such rights.

(4) The certificates for the Common Shares to be delivered by the Company hereunder are in due and proper form and conform to any applicable requirements of

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the Michigan Business Corporation Act; and, when duly countersigned by the Company's transfer agent, delivered to the Underwriter or upon the order of the Underwriter against payment of the agreed consideration therefor in accordance with the provisions of this Agreement, and otherwise issued in accordance with the provisions of this Agreement, the Common Shares represented thereby will be duly authorized and validly issued, fully paid and nonassessable; and, upon delivery to the Underwriter or upon the order against payment of the agreed consideration therefor in accordance with the provisions of this Agreement, the Underwriter will acquire good and marketable title thereto, free and clear of any lien, claim, security interest, encumbrance or restriction on transfer (except for any restrictions under the Act, the Blue Sky Laws and applicable banking laws).

(5) The Registration Statement has become effective under the Act and, to such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or, to such counsel's knowledge, threatened under the Act, and the Registration Statement and Prospectus and each amendment or supplement thereto (except for the financial statements, schedules, if any, and other statistical or financial data included therein, as to which such counsel need express no opinion) comply as to form in all material respects with the requirements of the Act and the Rules and Regulations. No facts have come to the attention of such counsel which lead it to believe that either the Registration Statement, the Prospectus, or any amendment or supplement thereto (except for the financial statements, schedules, if any, and other statistical or financial data included therein, and the statistical methodology underlying statistical data included therein and attributed to third party sources, in each case as to which such counsel need express no opinion), contain any untrue statement of a material fact or fails to state a 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; to such counsel's knowledge there are no legal or governmental proceedings pending or threatened which are required to be described in the Prospectus, nor is there any agreement, contract or document of a character required to be described in or filed with the Registration Statement which is not described or filed as required.

(6) The Company has full corporate power and authority to enter into and perform this Agreement; this Agreement and the performance of the Company's obligations hereunder have been duly authorized by all necessary corporate action of the Company; this Agreement has been duly executed and delivered by and on behalf of the Company and is a legal valid and binding agreement of the Company enforceable in accordance with its terms, except that rights to indemnity or contribution may be limited or denied by applicable law and subject to general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law) and except as may be limited or denied by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally, and except as may be described in the Prospectus, no approval, authorization or consent of any public board, agency, or instrumentality of the United States or any other jurisdiction is necessary in connection with the issue or sale of the Common Shares by the Company pursuant to this Agreement (other than under the Act, applicable Blue Sky Laws and the rules of the NASD) or the consummation by the Company of any other transaction contemplated hereby.

(7) The execution and performance of this Agreement by the Company, including application of the net proceeds of the offering, if and when received, as described in the Prospectus under the caption "Use of Proceeds," will not, to such counsel's knowledge after due investigation, contravene any of the provisions of, or result in a default under,

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any material contract, agreement, lease, franchise, license, indenture, loan agreement, evidence of indebtedness or other instrument to which the Company is a party or by which the Company or any of its material properties is bound, and will not

violate any of the provisions of the Articles of Incorporation, or Bylaws of the Company, or violate any of the Approvals or any statute, order, rule or regulation of any regulatory or governmental body having jurisdiction over the Company or its properties.

(8) To such counsel's knowledge, there are no holders of Common Stock, convertible securities or other securities of the Company having rights to the registration of such securities under the Registration Statement.

(9) The Company does not own or control any subsidiary or other affiliate other than the Bank, and does not, to such counsel's knowledge, own any shares of the capital stock of any corporation or any equity interest in any joint venture, partnership, proprietorship or other commercial entity or organization other than the Bank.

(10) Upon the filing or first delivery to the Underwriter of the Prospectus, as of the date hereof and at the First Closing Date and the Second Closing Date, as the case may be, all of the outstanding shares of capital stock of the Bank are duly authorized and validly issued, will be fully paid and non-assessable, except to the extent such shares may be deemed assessable under Section 201 of the Michigan Banking Code of 1969, as amended (M.C.L.A. Section 487,501) and are owned by the Company free and clear of any lien, encumbrance, equity, security interest or claim; and no options, warrants or other rights to purchase, agreements or other obligations to issue or rights to convert any obligations into shares of capital stock or ownership interest in the Bank are, or will as of the First Closing Date and the Second Closing Date be, outstanding.

(11) The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein do not and will not conflict with or result in a violation of or default under the charter or bylaws of the Company or the Bank, or under any of the Approvals or any statute, rule or regulation applicable to the Company or the Bank or any permit, order, judgment or decree known to such counsel, or any lease, contract, indenture, mortgage, loan agreement or other agreement or other instrument or obligation to which the Company or the Bank is a party or by which the Company or the Bank or their respective material properties are bound.

(12) The Bank has been duly organized and is validly existing under the laws of the State of Michigan as a banking corporation and has all requisite corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the Prospectus and the Applications, and is not required to be duly qualified as a foreign corporation in any state, except where the failure so to qualify would not have a material adverse effect on the conditions or earnings of the Company and the Bank considered as one enterprise or of the Bank considered separately, and no proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing, or seeking to revoke, limit or curtail, such qualification.

Such counsel may rely as to factual matters on certificates of officers of the Company and state officials, in each case reasonably satisfactory to the Underwriter, in which case such counsel's opinion shall state that it is so doing and that such counsel believes such reliance is reasonable, and copies of said certificates or opinions shall be attached to the opinion. For purposes of such

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opinion, "to counsel's knowledge" or words of similar import shall mean the actual knowledge of facts by any attorneys in the firm of Varnum, Riddering, Schmidt & Howell LLP who have worked on matters related to the Company or the Bank, or any facts which should have been known by such attorneys in the exercise of reasonable due diligence.

(ii) A certificate of the chief executive officer and the principal financial officer of the Company, dated the First Closing Date or the Second Closing Date, as the case may be, to the effect that:

(1) The representations and warranties of the Company set forth in Section 1 of this Agreement are true and correct as of the date of this Agreement and as of the First Closing Date or the Second Closing Date, as the case may be, as if again made on and as of such date, and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to such date.

(2) The Commission has not issued an order preventing or suspending the use of the Prospectus or any Preliminary Prospectus filed as part of the Registration Statement or any amendment thereto; no stop order suspending the effectiveness of the Registration Statement has been issued; and to the best knowledge of the respective signatories, no proceedings for that purpose have been instituted or are pending or contemplated under the Act.

(3) Each of the respective signatories has carefully examined the Registration Statement and the Prospectus, and the Registration Statement and the Prospectus and any amendments or supplements thereto contain all statements required to be stated therein, and neither the Registration Statement nor the Prospectus nor any amendment or supplement thereto includes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make statements therein not misleading in light of the circumstances under which they were made, and, since the effective date of the Registration Statement, there has occurred no event required to be set forth in an amended or supplemented Prospectus or in an amendment to the Registration Statement that has not been so set forth.

(4) Since the date on which the Registration Statement was initially filed with the Commission, there has not been any material adverse change or a development involving a prospective material adverse change in the general affairs, management, business, properties, financial condition, results of operations or prospects of the Company, whether or not arising from transactions in the ordinary course of business relating to the organization or business of the Company or the Bank, except as disclosed in the Prospectus and the Registration Statement as heretofore amended or (but only if the Underwriter expressly consents thereto in writing) as disclosed in an amendment or supplement thereto filed with the Commission and delivered to the Underwriter after the execution of this Agreement or (but only if the Underwriter expressly consents thereto in writing); since such date and except as so disclosed or in the ordinary course of business, the Company and the Bank have not incurred any liability or obligation, direct or indirect, or entered into any material transaction; since such date and except as so disclosed, there has not been any change in the capital stock, or material adverse change in short-term debt or long-term debt, of the Company; since such date and except as so disclosed, the Company has not acquired any of its capital stock nor has the Company declared or paid any dividend, or made any other distribution, upon its outstanding capital stock payable to shareholders of record on a date prior to the First Closing Date or Second Closing Date, as the case may be; since such date and except as so disclosed, the Company and the Bank have not incurred any

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material contingent obligations, and no material litigation is pending or threatened against the Company and the Bank; and since such date and except as so disclosed, the Company and the Bank have not sustained a material loss or interference with their respective businesses from any labor dispute, strike, fire, explosion, flood, accident or other calamity (whether or not insured) or from any court or governmental action, order or decree.

(iii) A written agreement or agreements signed by officers and directors of the Company and the Bank to the effect that such persons will not make any offering, sale or other disposition of any shares of Common Stock, in the open market or otherwise, for a period of one year after the date of the Prospectus, except with the prior written consent of the Underwriter.

(iv) At the time this Agreement is executed and also on the First Closing Date and the Second Closing Date, there shall be delivered to the Underwriter a letter addressed to the Underwriter from Crowe, Chizek & Company LLP, independent accountants, the first letter to be dated the date of this Agreement, the second letter to be dated the First Closing Date, and the third letter (in the event of a Second Closing) to be dated the Second Closing Date, which shall be in form and substance satisfactory to the Underwriter and shall contain information as of a date within five days of the date of such letter. There shall not have been any change specified in any of the letters referred to in this subparagraph which makes it impractical or inadvisable in the judgment of the Underwriter to proceed with the public offering or purchase of the Common Shares as contemplated hereby.

(v) Such further certificates and documents as the Underwriter may reasonably request.

(vi) All of the conditions precedent and commitments of the Bank and the Company specified in the Approvals as of the First and Second Closing Dates, have been satisfied; if any amendment or supplement to any of the Applications is required to be filed with the Commissioner, the FRB or the FDIC, as the case may be, such amendment or supplement shall have been filed in the manner and within the time specified by the relevant authority; and no order suspending any of the Approvals shall have been issued or proceedings therefore initiated or threatened by the Commissioner, the FRB or the FDIC.

If any condition to the Underwriter's obligations hereunder to be satisfied prior to or at the First Closing Date is not so satisfied or waived by the Underwriter, this Agreement, at the Underwriter's election, will terminate upon notification to the Company without liability on the part of the Underwriter or the Company, except for the expenses to be paid or reimbursed by the Company pursuant to Sections 5 and 7 hereof and except to the extent provided in Section 9 hereof.

The delivery of the certificates by the Company provided for in this Section shall be and constitute a representation and warranty of the Company as to the facts required to be set forth in said certificate. All such opinions, certificates, letters and documents required by this Section shall be in compliance with the provisions hereof only if they are reasonably satisfactory to the Underwriter and to Barack Ferrazzano Kirschbaum Perlman & Nagelberg, counsel to the Underwriter. The Company and its officers shall furnish the Underwriter with such manually signed or conformed copies of such opinions, certificates, letters and documents as the Underwriter may reasonably request.

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SECTION 7. Reimbursement of Underwriter's Expenses.

If the sale to the Underwriter of the Common Shares at the First Closing Date or the Second Closing Date has not been consummated as of May 1, 1998 or June 1, 1998, respectively, because any condition of the Underwriter's obligations hereunder is not satisfied or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or to comply with any provisions hereof, the Company agrees to reimburse the Underwriter upon demand for all documented out-of-pocket expenses (including fees and disbursements of counsel) that shall have been reasonably incurred by the Underwriter in connection with the proposed purchase and the sale of the Common Shares; provided, however, that the amount of such reimbursement shall be limited to \$50,000 plus the aggregate amount of any filing fees under any Blue Sky Laws paid by the Underwriter prior to such date. Any such termination shall be without liability of any party to any other party except that the provisions of Sections 5, 7 and 9 hereof shall at all times be effective and shall apply.

SECTION 8. Effectiveness of Registration Statement.

The Underwriter and the Company will use their respective best efforts to cause the Registration Statement to become effective, to prevent the issuance of any stop order suspending the effectiveness of the Registration Statement and, if such stop order be issued, to obtain as soon as possible the lifting thereof.

SECTION 9. Indemnification.

(a) The Company agrees to indemnify and hold harmless the Underwriter and each person, if any, who controls the Underwriter within the meaning of the Act or the Exchange Act against any losses, claims, damages, liabilities or actions in respect thereof ("Claims"), joint or several to which the Underwriter or such controlling person may become subject, under the Act, the Exchange Act, Blue Sky Laws or other federal or state statutory law or regulation, including banking regulations, at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of the Company), insofar as such Claims arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement or any Preliminary Prospectus, the Prospectus, any amendment or supplement thereto, any application filed under any Blue Sky Law or other document executed by the Company for that purpose or based upon written information furnished by the Company and filed in any state or other jurisdiction to qualify, register or exempt any or all of the Common Shares under the securities laws thereof (any such document, application or information being hereinafter referred to as a "Blue Sky Application"), or arise out of or are based upon the omission or alleged omission to state therein a 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. The Company will reimburse the Underwriter and each such controlling person for any legal or other expenses reasonably incurred by the Underwriter or such controlling person in connection with investigating or defending any such Claim; provided, however, that the Company will not be liable in any such case to the extent that:

(i) any such Claim arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto or in any Blue Sky Application in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Underwriter specifically for use therein; or

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(ii) such statement or omission was contained or made in any Preliminary Prospectus and corrected in the Prospectus and (1) any such Claim suffered or incurred by the Underwriter (or any person who controls the Underwriter) resulted from an action, claim or suit by any person who purchased Common Shares which are the subject thereof from the Underwriter in the offering and (2) the Underwriter failed to deliver or provide a copy of the Prospectus (as then amended if the Company shall have amended the Prospectus) to such person at or prior to the confirmation of the sale of such Common Shares in any case where such delivery is required by the Act, unless such failure was due to a failure by the Company to provide copies of the Prospectus (as so amended) to the Underwriter as required by this Agreement.

The indemnification obligations of the Company provided above are in addition to any liabilities which the Company may otherwise have under other agreements, common law or otherwise.

(b) The Underwriter will indemnify and hold harmless the Company and each of the Company's directors and each of its officers who signs the Registration Statement, and each person, if any, who controls the Company within the meaning of the Act or the Exchange Act, against any Claim to which the Company, or any such director, officer or controlling person may become subject, under the Act, the Exchange Act, or other federal or state statutory law or regulation, at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of such Underwriter), insofar as such Claim arises out of or is based upon any untrue or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus, any amendment or supplement thereto or in any Blue Sky Application, or arises out of or is based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, or in any Blue Sky Application, in each case in reliance upon and in conformity with the written information furnished by the Underwriter as provided hereby. The Underwriter will reimburse any legal or other expenses reasonably incurred by the Company, or any such director, officer or controlling person in connection with investigating or defending any such claim, and from any and all Claims resulting from failure of the Underwriter to deliver a copy of the Prospectus, if the person asserting such Claim purchased Common Shares from the Underwriter and a copy of the Prospectus (as then amended if the Company shall have amended the Prospectus) was not sent or given by or on behalf of the Underwriter to such person, if required by law so to have been delivered, and or prior to the written confirmation of the sale of the Common Shares to such person, and if the Prospectus (as so amended) would have cured the defect giving rise to such Claim, unless the failure to deliver a Prospectus was due to a failure by the Company to provide copies of the Prospectus to the Underwriter as required by this Agreement. The indemnification obligations of the Underwriter as provided above are in addition to any liabilities the Underwriter may otherwise have under other agreements, common law or otherwise. Notwithstanding any provision of this Agreement to the contrary, in no event shall the Underwriter be required to indemnify the Company or any officer, director or controlling person of the Company pursuant to this Agreement or otherwise, to the extent that such payment, when aggregated with all other payments to such persons for indemnification or contribution, shall be in an amount in excess of the total underwriting fees and commissions the Underwriter received hereunder.

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(c) Promptly after receipt by an indemnified party under paragraph (a) or (b) of this Section of notice of the commencement of any action in respect of a Claim, such indemnified party will, if a Claim in respect thereof is to be made against an indemnifying party under such paragraph, notify the indemnifying party of the commencement thereof, but the omission to so notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under such paragraph. In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish jointly with all other indemnifying parties similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, provided, however, that if the defendants in any such action include both the indemnified party and the

indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties.

(d) Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under paragraph (a), (b) or (c) of this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, unless:

(i) the indemnified party shall have employed such counsel in connection with the assumption of legal defenses in accordance with the provision of the last sentence of paragraph (c) of this Section (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel approved by the Underwriter if one or more of the Underwriter or their controlling persons are the indemnified parties);

(ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action; or

(iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party.

(e) Subject to the limitations set forth by paragraph (b) of this Section, if the indemnification provided for in this Section is unavailable to or insufficient to hold harmless an indemnified party under paragraph (a), (b) or (c) of this Section in respect of any Claim referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall, subject to the limitations hereinafter set forth, contribute to the amount paid or payable by such indemnified party as a result of such Claim:

(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 hand from the offering of the Common 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

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Underwriter on the other hand in connection with the statements or omissions which resulted in such Claim as well as any other relevant equitable considerations.

The respective relative benefits received by the Company on the one hand and the Underwriter on the other hand shall be deemed to be in the same proportion, in the case of the Company, as the total price paid to the Company for the Common Shares by the Underwriter (net of underwriting discount, but before deducting expenses allocable thereto) and, in the case of the Underwriter, as the underwriting discount received by them bears in each case to the total of such amounts paid to the Company and received by the Underwriter as underwriting discount in each case as contemplated by the Prospectus. The relative fault of the Company and the Underwriter shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Company or the Underwriter and such party's relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the Claims referred to above shall be deemed to include, subject to the limitations set forth in paragraphs (c) or (d) of this Section, any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

(f) The Company and the Underwriter agree that it would not be just and equitable if contribution pursuant to this Section were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in paragraph (e) of this Section. Notwithstanding the other provisions of this Section, the Underwriter shall not be required to contribute any amount in excess of the total amount of all underwriting fees and commissions received by the Underwriter with respect to the shares distributed by it to the public in connection with this Agreement exceeds the amount of any damages which 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(e) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

SECTION 10. Default of Underwriter.

Subject to the conditions of the Underwriter to purchase the Common Shares in the manner described in Section 6 hereof, and except as hereinafter provided in this Section, it shall be a condition to this Agreement and to the obligations of the Company to sell and deliver the Common Shares hereunder that the Underwriter shall purchase and pay for all of the Common Shares agreed to be purchased by the Underwriter hereunder upon tender to the Underwriter of all such Common Shares in accordance with the terms hereof. If the Underwriter so defaults and arrangements reasonably satisfactory to the Company for the purchase of such Common Shares by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of the Underwriter or the Company, except for the expenses and reimbursements to be paid by the Company pursuant to Sections 5 and 7 hereof and except to the extent provided in Section 9 hereof.

In the event that Common Shares to which a default relates are to be purchased by another party or parties, the Underwriter or the Company shall have the right to postpone the First or Second Closing Date, as the case may be, for not more than seven business days in order that the necessary changes in the Registration Statement, Prospectus and any other documents, as well as

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any other arrangements, may be effected and the Company agrees to file promptly any amendments to the Registration Statement or the Prospectus which in the Underwriter's opinion are thereby made necessary.

As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section.

No default by the Underwriter in its obligations to purchase Common Shares hereunder on the Second Closing Date shall affect or impair the validity of the transactions consummated hereunder on the First Closing Date.

SECTION 11. Effective Date.

This Agreement shall become effective upon the execution and delivery of this Agreement by the parties hereto.

SECTION 12. Termination.

Without limiting the right to terminate this Agreement pursuant to any other provision hereof, this Agreement may also be terminated by the Underwriter prior to the First Closing Date, and the option referred to in Section 3 hereof, if exercised, may be canceled at any time prior to the Second Closing Date, upon the occurrence of any of the following: (a) any material, adverse change, or any material, adverse development, involving a prospective change, in or affecting particularly the business or properties of the Company or the Bank which, in the judgment of the Underwriter materially impairs the investment quality of the Common Shares; (b) suspension of trading in securities on the NYSE or the AMEX or limitation on prices (other than limitations on hours or number of days of trading) for securities on either such exchange, or a halt or suspension of trading in securities generally which are quoted on the NMS; (c) any banking moratorium declared by Federal or any state authorities; or (d) any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by Congress or any other substantial national or international calamity or emergency if, in the judgment of the Underwriter, the effect of any such outbreak, escalation, declaration, calamity or emergency makes it impractical or inadvisable to proceed with completion of the sale of and payment for the Common Shares.

Any termination pursuant to this Section shall be without liability on the part of the Underwriter to the Company or on the part of the Company to the Underwriter (except for expenses to be paid by the Company pursuant to Section 5 hereof or reimbursed by the Company pursuant to Section 7 hereof and except as to indemnification to the extent provided in Section 9 hereof).

SECTION 13. Representations and Indemnities to Survive Delivery.

The respective indemnities, agreements, representations, warranties and other statements of the Company, its officers or directors, and of the Underwriter set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, or the Company or any of its or their, officers or directors or any controlling person, as the case may be, and will survive delivery of and payment for the Common Shares sold hereunder.

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SECTION 14. Notices.

All communications hereunder will be in writing and, if sent to the Underwriter will be mailed, delivered or telegraphed and confirmed to Robert W. Baird & Co. Incorporated at 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202, Attention: Mr. Steven P. Kent, Managing Director, with a copy to John E. Freechack, Esq., Barack Ferrazzano Kirschbaum Perlman & Nagelberg, 333 West Wacker Drive, Suite 2700, Chicago, Illinois 60606; and if sent to the Company will be mailed, delivered or telegraphed and confirmed to the Company at 51 E. Main Street, Zeeland, Michigan 49464, Attention: Mr. Benj. A. Smith, III, with a copy to Donald L. Johnson, Esq., Varnum, Riddering, Schmidt & Howell LLP, 333 Bridge Street, Suite 1700, Grand Rapids, Michigan 49504.

SECTION 15. Successors.

This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors, personal representatives and assigns, and to the benefit of the officers and directors and controlling persons referred to in Section 9, and no other person will have any right or obligation thereunder. The term "successors" shall not include any purchaser of the Common Shares as such from the Underwriter merely by reason of such purchase.

SECTION 16. Partial Unenforceability.

If any Section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, such determination shall not affect the validity or enforceability of any other Section, paragraph or provision hereof.

SECTION 17. Applicable Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin applicable to contracts made and performed therein.

SECTION 19. Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

[Rest of Page Intentionally Left Blank]

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to us the enclosed duplicates hereof, whereupon it will become a binding agreement among the Company, and the Underwriter, all in accordance with its terms.

Very truly yours,

MACATAWA BANK CORPORATION

By:

Benj. A. Smith. Chairman of the Board

By:

Philip J. Koning, Secretary/Treasurer

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

ROBERT W. BAIRD & CO. INCORPORATED

By:

Its:

EXHIBIT 4
MACATAWA BANK CORPORATION

NUMBER _____ SHARES _____

MB
Common Stock

INCORPORATED UNDER THE LAWS OF THE STATE OF MICHIGAN

THIS CERTIFIED THAT

CUSIP 554225 10 2
SEE REVERSE FOR
CERTAIN DEFINITIONS

IS THE OWNER OF

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK WITH NO PAR VALUE OF

MACATAWA BANK CORPORATION

transferable on the books of the Corporation in person or by duly authorized attorney in fact upon surrender of this certificate properly endorsed. This certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

/s/
SECRETARY

/s/ Benj. A. Smith, III
CHAIRMAN AND CEO

MACATAWA BANK CORPORATION
CORPORATE SEAL
MICHIGAN

COUNTERSIGNED AND REGISTERED:
MACATAWA BANK
(Zeeland, MI)
TRANSFER AGENT AND REGISTRAR
BY
AUTHORIZED SIGNATURE

The corporation will furnish without charge to each shareholder who so requests a full statement of the designation, relative rights, preferences and limitations of each class of stock authorized to be issued by the corporation and each series within a particular class of stock so far as the same have been prescribed and the authority of the Corporation's Board of Directors to designate and prescribe the relative rights, preferences and limitations of other series. Requests may be directed to the Transfer Agent, Macatawa Bank.

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-as tenants in common	UNIF GIFT MIN ACT-_____Custodian_____
TEN ENT-as tenants by the entirety	(Cust) (Minor)
JT TEN-as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____ Shares
of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney
to transfer the said stock on the books of the within name Corporation with full power of substitution in the premises.

Dated _____

X _____

X _____
NOTICE: THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

Signature(s) Guaranteed

By _____
THIS SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE
GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS
AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP
IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM).
PURSUANT TO S.E.C. RULE 17Ad-15.

EXHIBIT 10.9

MAGIC LINE
PRODUCT SERVICES AGREEMENT

Mission Statement: At Magic Line, quality is consistently exceeding customer expectations in all that we do.

Participant: Macatawa Bank
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MAGIC LINE
PRODUCT SERVICES AGREEMENT

This Product Services Agreement (the "Agreement") is made as of 10-1-97, by and between MAGIC LINE, INC., a Delaware corporation ("Magic Line" or "us" or "we"), and Macatawa Bank, a Commercial Bank ("Participant" or "you").

Recitals

A. You are participating in the Magic Line network pursuant to a Magic Line Participant Service Contract previously executed by you and Magic Line;

B. You desire certain services, in addition to the Magic Line Service;

C. We agree to make available to you certain services in accordance with the terms and conditions set forth in this Agreement;

THEREFORE, in consideration of the promises set forth below, you and we agree to the following:

Terms and Conditions

ARTICLE I

DEFINITIONS

1.1 Defined Terms. The following terms shall have the following definitions when used in this Agreement:

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"Magic Line Documents" mean the Operating Rules and such additional manuals and bulletins that may be provided by us and amended by us from time to time.

"Operating Rules" means the Operating Rules promulgated by us, as amended from time to time.

"Services" means the services selected by you, as identified on Exhibit A, List of Services, and as further described in the attached Schedules that are made a part of this Agreement as of today's date or in the future.

"Service Contract" means the Magic Line Participant Service Contract executed by Magic Line and the Participant.

"Settlement Account" means the deposit account maintained by you for settlement purposes.

All other capitalized terms used in this Agreement will have the definitions set forth in the Operating Rules.

ARTICLE II

THE PROGRAM

2.1 Services Selected and Payment. Subject to the terms of this Agreement, we offer to you, and you agree to accept, the Services in accordance with the standards of performance set forth in the Operating Rules.

You authorize us to debit from the Settlement Account the amount of the costs for the Services, as set forth from time-to-time in Appendix A of our Operating Rules.

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2.2 Settlement Procedures. (a) You agree to establish and maintain the Settlement Account with a balance sufficient to accommodate all transactions contemplated by this Agreement. We will credit or debit the Settlement Account for the aggregate net of any transactions processed by us for you. The time of day and frequency that such crediting or debiting will occur are set forth in the Operating Rules.

(b) We have the right to deduct from any credit that we make to the Settlement Account any expenses authorized by this Agreement, and any other amount that we reasonably determine we may need to offset any transactions involving you that may be reversed for any reason.

(c) You agree that in the event of a default, we may take any action against funds held in the Settlement Account, including but not limited to withdrawing funds when such action is deemed necessary by us to protect us against any loss or liability that we reasonably believe we may incur as a result of a breach of this Agreement. Our action against the Settlement Account will be limited to the amount of any loss that we reasonably believe we may incur as a result of the breach, and for the duration which we reasonably believe may be incurred.

(d) You authorize the institution at which you maintain your Settlement Account to act in accordance with instructions from us regarding funds in the Settlement Account, including transferring funds in the Settlement Account to us. You will indemnify and hold us harmless for any action we may take against the Settlement Account which is taken pursuant to this section. You will also indemnify and hold harmless the institution at which you maintain your Settlement Account for acting in accordance with any instruction from us regarding the Settlement Account. This section will survive termination of this Agreement.

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2.3 Confidential Information. You acknowledge that our technology, including but not limited to the method of processing transactions, computer programs, message format, and similar matters has been developed through the expenditure of a significant amount of time, effort, and resources. You will not use any of our technology, computer programs, procedures, forms and related materials for any purpose other than for the Services and you agree that such technologies and materials are proprietary and confidential, constitute trade secrets, and that disclosures to others may result in loss or irreparable damage. You and your employees and agents will not disclose to others any information regarding Magic Line, this Agreement, or the Services without our express written consent.

2.4 Relationship of the Parties. By entering into this Agreement, the parties do not intend to establish, and this Agreement will not be construed to establish, any partnership, joint venture, or agency relationship of any kind between Magic Line and Participant.

2.5 Limitation of Liability. We will perform all of the Services in accordance with this Agreement, the schedules that are made a part of this Agreement, and the Operating Rules. We make no other warranty, express or implied, with respect to the Services. Nothing contained in the Magic Line Documents will constitute such a warranty. We will not be responsible for any loss of profits or incidental, indirect, or consequential damages that you may incur as a result of any breach of this Agreement by us, and our liability in other situations will be limited as set forth in the Operating Rules. We will not be responsible for any losses or claims by your customers.

2.6 Supremacy of this Agreement. If any of the terms of the Operating Rules conflict with the terms of this Agreement, the terms of this Agreement will prevail to the extent they are more specific.

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ARTICLE III

TERM AND TERMINATION

3.1 Term. This Agreement will have an initial term of five (5) years. The Schedules attached to this Agreement and made a part of this Agreement may each have their own initial terms. After the initial term of this Agreement, this Agreement will be automatically extended for the longer of (i) successive 1 year periods on the same terms, unless either party gives the other party written notice of termination at least 60 days prior to the expiration of the initial or any successive term, or (ii) to the expiration date of the attached Schedule which has the longest term. You agree that the term of your Service Contract and your ability to terminate the Service Contract as described in the Operating Rules are amended to match those of this Agreement. You acknowledge that we retain the right to terminate your Service Contract or your status as a participant as set forth in the Operating Rules.

3.2. Termination. (a) In the event we terminate your Service Contract, this Agreement will immediately and automatically terminate. This Agreement may be terminated by either party at the expiration of the initial or any successive term by providing written notice of non-renewal as provided in Section 3.1. Early termination by you in violation of these provisions (other than a termination by you in accordance with Section 3.4 based on a Magic Line Event of Default as defined in Section 3.3) will result in the imposition of the penalties set forth in 3.2(b) of this Agreement, which you agree to pay. Upon termination for any reason, you will cease using our trademarks immediately. In the event we amend the terms and conditions of this Agreement or any executed Schedule in accordance with the provisions of Section 5.1 and the changes would cause you to violate any applicable laws, then you may terminate the Agreement

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or the Schedule, as applicable, by providing us with 60 days written notice of termination. The provisions of this paragraph shall survive termination of this Agreement.

(b) In the event you terminate this Agreement or any Schedule during the initial or any successive term of the Agreement or Schedule, other than according to the provisions set forth above (an "Early Termination"), you agree that actual damages would be difficult to calculate and you agree to pay us, as liquidated damages, an early termination penalty (the "Early

Termination Penalty"). The Early Termination Penalty shall be calculated by multiplying your Average Monthly Billing by the remaining months (including fractional months), of the then-current term of this Agreement, and/or Schedule as applicable, and dividing by two (2). Average Monthly Billing shall be calculated by totaling the Actual Fees and Charges to you for the three (3) then-most recent full calendar months and dividing by three (3). If there is an Early Termination of the entire Agreement, the Actual Fees and Charges shall be comprised of all fees and charges to be paid by you under this Agreement. If there is an Early Termination of a Schedule or Schedules, but not the whole Agreement, the Actual Fees and Charges shall be comprised of only such fees and charges to be paid by you under the terminated Schedule(s).

In the event of an Early Termination, you also agree to pay the full cost of any card inventory, personalized forms and/or other stock that we have ordered or prepared for you. In addition, you acknowledge that an Early Termination shall not limit or otherwise affect your obligations during the period prior to the effective date of the termination, or your obligations with respect to transactions, fees or any other charges affected prior to such effective date, each of which shall survive the Early Termination.

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3.3 Events of Default. Each of the following occurrences will constitute an Event of Default under this Agreement:

(a) Either party fails to pay the other party on time any amount due and such failure continues for a period of 30 days after written notice has been sent by the other party.

(b) Either party: (1) files for bankruptcy, dissolution or any similar proceeding, or (2) has such a proceeding instituted against it and the proceeding is not dismissed within 60 days.

(c) Any representation or warranty made by either party proves to have been false or misleading in any material respect as of the date made, or becomes false or misleading during the term of this Agreement.

(d) Either party fails to perform any material condition or other obligation specified in this Agreement and such failure is not cured within 15 days of written notice to the breaching party. Notwithstanding the above, if one party has notified the other of 2 occurrences of a breach of a material obligation of this Agreement, the third such failure will be deemed an Event of Default.

(e) You: (1) engage in activities which repeatedly violate the Operating Rules, (2) operate in an unsound, unsafe manner, or (3) engage in activities which damage the goodwill of Magic Line.

3.4 Remedies. Upon the occurrence of an Event of Default, the non-defaulting party will have the right to: (a) immediately terminate this Agreement in whole or in part upon written notice to the defaulting party, and (b) all other remedies available at law or in equity which the non-defaulting party may elect to pursue, either successively or concurrently, all such remedies being cumulative.

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ARTICLE IV

REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Participant. You represent and warrant to Magic Line that:

(a) Participant is a corporation authorized, validly existing and in good standing under the laws of the State indicated in, and has its principal office located in the State indicated in the opening paragraph of this Agreement.

(b) You have full authority and corporate power to enter into this Agreement and to perform the obligations of this Agreement.

(c) Your performance of this Agreement will not violate any applicable law or regulation or any agreement to which you may now or hereafter be bound.

(d) This Agreement represents a valid obligation of you and is fully enforceable against you.

(e) You will comply with the terms of this Agreement and with the Operating Rules.

(f) You will be solely responsible for compliance with all applicable federal and state laws, regulations, and rules relating to transactions

with your customers and this Agreement, including but not limited to the Electronic Fund Transfer Act, 15 USC 1693 et seq., Federal Reserve Regulation E, 12 CFR ss.205.1 et seq., and the Michigan Electronic Funds Transfers Act, MCLA 488.1 et seq.

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4.2 Representations and Warranties of Magic Line. Magic Line represents and warrants to you that:

(a) Magic Line is a Delaware corporation duly authorized and validly existing under the laws of Delaware, having its principal offices located in Michigan.

(b) Magic Line has full authority and corporate power to enter into this Agreement and to perform its obligations under this Agreement.

(c) This Agreement represents a valid obligation of Magic Line and is fully enforceable against Magic Line.

ARTICLE V

GENERAL TERMS

5.1 Amendment. We may amend this Agreement at any time. Such amendments will be effective 60 days after being mailed by first-class mail, postage prepaid, to the Participant, or at such later date as may be stipulated by Magic Line. The continued use of the Services, after the effective date of such amendment will be deemed to be acceptance by you of such amendment. The noticed amendment will govern all transactions occurring after the amendment's effective date.

5.2 Assignment. You may not assign this Agreement or the rights under this Agreement without our prior written consent. This Agreement will be binding upon and inure to the benefit of the respective successors and permitted assigns of the parties. We may use third parties to deliver Services to you without your consent, but with 30 days prior notice.

5.3 Governing Law. This Agreement will be governed by the laws of the State of Michigan.

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5.4 Operating Rules. You acknowledge that you have been provided with and reviewed copies of the Operating Rules.

5.5 Notice. Any notice required by this Agreement will be effective when personally delivered or mailed by registered or certified mail to the following addresses, unless we are notified in writing of changes to your address:

Magic Line, Inc.
5111 Auto Club Drive
Suite 110
Dearborn, MI 48126-2684
Attn: Product Manager

Participant: Macatawa Bank
Address contained on signature page of this Agreement.

5.6 Entire Agreement. This Agreement and the attached Schedules, which are incorporated into the Agreement, sets forth the entire understanding between Magic Line and Participant with respect to the subject matter of this Agreement.

5.7 Enforceability of Rights. Either party may delay enforcing its rights under this Agreement or forego the exercise of those rights without losing any of them.

5.8 Voidness. If any provision of this Agreement is unenforceable in any jurisdiction, such unenforceability will not affect the enforceability of such provision in any other jurisdiction or the enforceability of any other provision of this Agreement in that, or any other, jurisdiction.

5.9 Captions. The captions used in this Agreement are for the convenience of reference only and in no way define or describe the intent of any provision of this Agreement.

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5.10 Submission of Financial Statements. You will submit annual audited financial statements to Magic Line within 15 days of the completion of such statements. We may at anytime conduct financial and procedural audits of you to confirm compliance with this Agreement.

5.11 Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against any party.

The parties have executed this Agreement by their duly authorized officers.

MAGIC LINE, INC.

MACATAWA BANK
Participant [Please Print Name]

By: /s/ David A. Lind
[Signature]
Name: David A. Lind
[Please Print Name]
Its: COO
[Please Print Title]

By: /s/ Nancy L. Dekker
[Signature]
Name: Nancy L. Dekker
[Please Print Name]
Its: Relationship Banker
[Please Print Title]

Address of Participant: (For purposes
of receiving any notices under this
Agreement)
[Please Print]

106 E. Eighth Street
Holland, MI 49423

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EXHIBIT A

LIST OF SERVICES

Schedule	Description of Schedule	Effective Date	Term Expiration Date
A-1	Cardbase Services	10-1-97	10-1-02
A-2	ATM Terminal Driving		
A-3	Home Banking Services		
A-4	Off-Line Debit Card Services	10-1-97	10-1-02
A-5	ATM Servicing		
A-6	On-Line Debit Card Services		
A-7	National Access	10-1-97	10-1-02
A-10	Pre-Paid Calling Cards		
A-11	ATM Direct		

Date of this Exhibit A: October 1, 1997

A-1
Schedule A-1

Specifications for Cardbase Services

This Schedule is a part of and incorporated into the Magic Line Product Services Agreement between you and Magic Line. Terms not defined in this Schedule shall have the definitions set forth in the Agreement. We have agreed with you to provide the services indicated (the "Cardbase Services") at the end of this Schedule.

Cardbase Services will be conducted in accordance with the following specifications (as applicable):

1. Cardholders of Participant. You will notify us, as provided in the Magic Line Documents, of your customers ("Cardholders of Participant") for which we are to provide these services.

2. Cardholder Authorizations. The Cardholder Authorization service will be conducted in accordance with one of the following specifications:

A. Positive File. Authorization is performed based on individual cardholder records and specific limits for ATM and POS activity.

B. Negative File. Authorization is performed based on institution level parameters. Only Negative status cardholder records are maintained.

C. Positive Balance File. Authorization is performed based on individual cardholder records, specific limits for ATM and POS activity, and against the account balances submitted by the Participant or its Agent

and maintained on the switch.

D. Positive File with Host Balances. Authorization is performed based on individual cardholder records and specific limits for ATM and POS activity. Account balances are verified against the Participant's Host system.

The Cardholder Authorization criteria checking parameters include available balances, daily limits, daily uses, expiration date checking, status checking, PIN validation and invalid PIN tries.

3. Cardbase Management. The Cardbase Management service will be conducted in accordance with the following specifications:

A. The Cardbase Management will be supported utilizing Magic Line's PC based programs as described in the Magic Line Documents. These programs will provide for on-line maintenance of the Participant's cardholder records. Maintenance functionality includes the ability to add, delete and update cardholder records by the Participant.

Schedule A-1
Page 1

4. Card Preparation.

The Card Preparation service shall be conducted in accordance with the following specifications:

A. Issuance of Cards. We will issue new debit cards and/or other access devices for your customers. Card orders must be submitted as required by the Magic Line Documents. If the card orders are properly submitted, we will process or cause to be processed the cards expeditiously, and such cards shall be mailed, via first class mail, within ten (10) days after we receive the request for a new card.

The access cards will be generated in our standard format, as set forth in the Operating Rules. You may select a card format from the base packages described in the Magic Line Documents. If you desire to have custom cards created, prices will be negotiated based on the card design.

B. Issuance of PIN Information. If applicable, we will mail the PIN information to your customers. The PIN will be mailed, via first class mail, separately from the cards.

5. Additional Specifications. Additional specifications for and base Services may be set forth in the Magic Line Documents.

INFORMATION SPECIFIC TO THIS PARTICIPANT [PLEASE PRINT]:

Name of Participant: Macatawa Bank
Date of this Schedule: October 1, 1997
Initial Term of this Schedule: Five (5) years
Cardbase Services Selected [Please Initial]:

X Cardholder Authorization
X Cardbase Management
X Card Preparation

MAGIC LINE, INC.

MACATAWA BANK

By: /s/ David A. Lind
[Signature]
Name: David A Lind
[Please Print Name]

By: /s/ Nancy L. Dekker
[Signature]
Name: Nancy L. Dekker
[Please Print Name]

Its: COO
[Please Print Title]

Its: [Please Print Title]

Schedule A-1
Page 2
Schedule A-4

Off-line Debit Card Services

This Schedule is a part of and incorporated into the Magic Line Product Services Agreement between you and Magic Line. Terms not defined in this Schedule shall have the definitions set forth in this Agreement.

You have agreed to participate in the off-line debit card programs identified at the end of this Schedule. Off-Line Debit Card Services will be conducted in accordance with the following specifications:

1. Basic Services. We will perform Debit Card transaction services,

including authorization, processing, and settlement. We agree to perform all services in accordance with this Agreement, the Operating Rules and Visa or MasterCard rules, as applicable. You agree to meet all obligations specified in the Operating Rules as they pertain to authorization, processing and settlement procedures and requirements. You agree to force post settlement transactions to cardholder accounts.

2. Optional Services. The following additional optional services may be selected by you:

A. Chargeback Customer Service. Chargeback processing involves document preparation, on-line entry of chargebacks according to VISA and MasterCard rules and regulations and tracking chargebacks once the process has been initiated.

B. Lost/Stolen Reporting. Extends lost/stolen reporting capability by offering a toll free telephone number (1-800-766-LOST, or 5678) that cardholders may call 24 hours a day, 7 days a week, to report a lost or stolen card. Upon receiving a call, a Cardholder Lost/Stolen Report (STRP) will be completed and the card account will immediately have a lost/stolen status code placed upon it. Participants will receive a daily report which provides data from the STRP.

3. Communications and Equipment. We agree to develop and provide you with any software that may be necessary for current and future access to the Visa Check or MasterMoney processing system, as applicable.

4. Sponsorship. As long as you meet our financial requirements, we will sponsor you into Visa or MasterCard if it is required in order for you to participate in the off-line debit card program.

Schedule A-4

Page 1

5. Compliance with Laws and Regulations. We will each comply with all applicable Visa or MasterCard rules and other regional or national interchange or electronic fund transfer standards including requirements of state and federal law.

6. Indemnification. You will indemnify and hold us and our directors, officers, employees, affiliates and agents, harmless from all proceedings, claims, liabilities and expenses whatsoever (including attorney fees) arising out of the Services, your business or your Cardholders, or by any reason of breach of non-performance of any of your employees, agents or customers, except, however, where such is due to the sole negligence of Magic Line.

7. Additional Specifications. Additional specifications for Off-Line Debit Card Services may be set forth in the Magic Line Documents.

INFORMATION SPECIFIC TO THIS PARTICIPANT [PLEASE PRINT]:

Name of Participant: Macatawa Bank
Date of this Schedule: October 1, 1997
Initial Term of this Schedule: Five (5) years
Basic Services Selected [Please Initial]:

VISA Check
X MasterMoney

Optional Services Selected [Please Initial]:

X Chargeback Customer Service
X Lost-Stolen Reporting

MAGIC LINE, INC.

MACATAWA BANK

By: /s/ David A. Lind
[Signature]
Name: David A. Lind
[Please Print Name]

By: /s/ Nancy L. Dekker
[Signature]
Name: Nancy L. Dekker
[Please Print Name]

Its: COO
[Please Print Title]

Its: Relationship Banker
[Please Print Title]

Schedule A-4

Page 2

Schedule A-7

Specifications for National Access

This Schedule is a part of and incorporated into the Magic Line Product

Services Agreement between you and Magic Line. Terms not defined in this Schedule shall have the definitions set forth in this Agreement.

The National Access selected at the end of this Schedule will be provided in accordance with the following specifications (as applicable):

INFORMATION SPECIFIC TO THIS PARTICIPANT [PLEASE PRINT]:

Name of Participant: Macatawa Bank
Date of this Schedule: October 1, 1997
Initial Term of this Schedule: Five (5) years
National Access Selected [Please Initial]:

Plus
X Cirrus
Duality At Terminal

MAGIC LINE, INC. MACATAWA BANK
Participant [Please Print Name]

By: /s/ David A. Lind [Signature] By: /s/ Nancy L. Dekker [Signature]
Name: David A. Lind [Please Print Name] Name: Nancy L. Dekker [Please Print Name]

Its: COO [Please Print Title] Its: Relationship Banker [Please Print Title]

Schedule A-7
Page 1

EXHIBIT 10.10

FTB PARTICIPATING BANK AGREEMENT
(Merchant Solicitation)

THIS AGREEMENT, made this 24th day of October, 1997, by and between FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association with its principal place of business in Memphis, Tennessee, hereinafter referred to as "FTB," and Macatawa Bank, a State Bank located in Zeeland Michigan, hereinafter referred to as "Participating Bank."

WHEREAS, FTB is a member of VISA U.S.A., Incorporated ("VISA") and MasterCard International, Inc. ("MasterCard"), and is engaged in the business of processing transactions in connection with the use of Cards (hereinafter defined) issued pursuant to systems established and developed by VISA and MasterCard; and

WHEREAS, Participating Bank desires to enter into an arrangement with FTB pursuant to which participating Bank may introduce to FTB Merchants (hereinafter defined) that desire to enter into Merchant Agreements (hereinafter defined) with FTB for the processing of Card transactions through FTB;

NOW, THEREFORE, in consideration of the mutual obligations, promises and covenants set forth in this Agreement, the parties hereto agree as follows:

1. Definitions. As used herein, the following terms shall have the meanings hereinafter set out:

"Card" means any credit or debit card bearing the service name of one of the Card Associations.

"Card Associations" means VISA and MasterCard.

"Cardholder" means any person, corporation, or other legal entity to whom a Card has been issued.

"Card Item" means a sales draft, credit voucher, or other form of evidence of a Card transaction, whether written, electronic, magnetic, or otherwise; and "transaction" refers to credits as well as debits to Cardholders.

"Merchant" means any seller of goods and/or services which has entered into a Merchant Agreement with FTB for the processing of Card transactions.

"Merchant Agreement" means the agreement between FTB and a Merchant pursuant to which FTB provides merchant processing services with respect to Cards (and other credit and debit cards).

"Operating Regulations" means the operating rules and regulations issued by the Card Associations, as amended from time to time.

1. Merchant Accounts. Participating Bank will refer prospective Merchants

to FTB. FTB will decide, in its sole discretion, whether to accept or reject any proposed Merchant and thereafter whether to terminate any Merchant Agreement which is entered into. All Merchant Agreements signed pursuant to the terms hereof and the merchant accounts relating thereto are the sole and exclusive property and responsibility of FTB.

2. Merchant Deposits and Chargebacks. Participating Bank will accept from nonelectronic draft capture Merchants the deposit of sales drafts and other Card Items. Upon receiving such deposits from a Merchant, Participating Bank, at the end of each day, will forward the transactions to FTB for credit. Participating Bank shall be responsible for risk of loss in transit of such Card Items until received by FTB. With respect to those Merchants only, FTB shall be entitled to debit Participating Bank's Deposit Account for any Card Item which has been charged back to FTB for any reason by or through VISA or MasterCard, as applicable, or is otherwise subject to chargeback for any reason under applicable Operating Regulations, after FTB has first attempted to collect such amount directly from the Merchant by automated clearing house debit. Participating Bank will use its best efforts to collect such amounts from such Merchants, by debiting their deposit accounts at Participating Bank. However, if Participating Bank is unable to collect all or any portion of such amounts from such Merchants, it shall notify FTB, and FTB will reimburse Participating Bank for any portion of such amount which Participating Bank is unable to collect.

3. Fees and Charges. FTB shall pay Participating Bank the fees and charges provided in Exhibit "A," attached hereto and incorporated herein by reference.

4. Termination. This Agreement may be terminated at any time upon less than thirty (30) days' prior written notice of termination by either party to the other party, after which time neither party shall have any obligation to the other hereunder.

5. Other Credit and Debit Cards Arrangements. Each party acknowledges that the other from time to time may enter into arrangements with sponsors and issuers of credit and debit cards other than the Card Associations, but that the arrangements and agreements between FTB and Participating Bank hereunder shall relate only to VISA and MasterCard and the Cards issued pursuant to their respective systems.

6. Governing Law. This Agreement is governed by the laws of the State of Tennessee.

EXECUTED by the parties hereto as of the date first hereinabove stated.

FIRST TENNESSEE BANK NATIONAL
ASSOCIATION

By: /s/ Donna Burns
Title: Vice President

FTB

/s/ Phil Koning
By: Phil Koning
Title: President

PARTICIPATING BANK

EXHIBIT "A"

Compensation to Participating Bank for Card Items received for processing by FTB from Merchants referred by Participating Bank shall be ten percent (10%) of the amount of merchant discount actually collected from such Merchants during the term of this Agreement, as provided in the Merchant Agreement between FTB and any such Merchant.

FTB MEMBER BANK AGREEMENT
(Card Issuance)

THIS AGREEMENT, made this 24th day of October, 1997, by and between FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association with its principal place of business in Memphis, Tennessee, hereinafter referred to as "FTB," and Macatawa Bank, a , located in Zeeland, Michigan, hereinafter referred to as "Member Bank."

WHEREAS, FTB is a member of VISA U.S.A., Incorporated ("VISA") and MasterCard International, Inc. ("MasterCard"), and is engaged in the business of processing transactions in connection with the use of Cards (hereinafter defined) issued pursuant to systems established and developed by VISA and MasterCard; and

WHEREAS, Member Bank desires to enter into an arrangement with FTB pursuant to which Member Bank may submit Cardholder (hereinafter defined) applications to FTB for approval;

NOW, THEREFORE, in consideration of the mutual obligations, promises and covenants set forth in this Agreement, the parties hereto agree as follows:

1. Definitions. As used herein, the following terms shall have the meanings hereinafter set out:

"Card" means any credit or debit card bearing the service name of one of the Card Associations.

"Card Associations" means VISA and MasterCard.

"Cardholder" means any person, corporation, or other legal entity to whom a Card has been issued.

"Operating Regulations" means the operating rules and regulations issued by the Card Associations, as amended from time to time.

1. Membership in MasterCard and VISA. Promptly after executing this Agreement, Member Bank will (a) apply for membership as a non-voting associate member of MasterCard and/or VISA and at all times until termination of the Agreement will maintain such memberships in good standing; (b) pay all membership and other fees as such Card Associations may from time to time require; and (c) execute such applications, membership agreements, license agreements, and change of sponsorship forms as shall be required by either Card Association or FTB in connection with Member Bank's participation hereunder. Member Bank agrees to comply with and be bound by all Operating Regulations, bylaws, operating manuals, operating letters, procedures, and policies of MasterCard and VISA as now or hereafter in effect, and as from time to time amended or supplemented. Member Bank acknowledges that it has no ownership or other interest in the service marks of VISA, MasterCard or FTB. Member Bank agrees that it will use all service marks, trademarks, and registered symbols of VISA, MasterCard and FTB, on printed material or in other advertising media, only in the manner approved by applicable Card Associations and/or FTB. Member Bank understands and agrees that VISA, MasterCard and FTB may take whatever action is necessary to protect, preserve, and prevent infringement of their respective marks and symbols. In the event that this Agreement is terminated for any reason, Member Bank will immediately cease using all service marks, trademarks, symbols, and materials related in any way to the Card Associations or FTB.

2. Issuance of Cards. Using Cardholder applications approved by FTB, Member Bank will actively solicit and receive applications for Cards, including cross-selling to Member Bank's existing customers, and will forward applications received to FTB at the address designated by FTB from time to time within two (2) business days of receipt of the completed application. All credit decisions will be made by FTB and the acceptance or rejection of any application for a Card shall be within the sole discretion of FTB. Member Bank shall not prescreen Cardholder applicants or applications; and Member Bank shall have full responsibility for actions of its employees in marketing Cards to prospective Cardholders. On approved Cardholder applications, FTB will mail appropriate materials describing the use thereof and all required Truth-in-Lending disclosures to the Cardholder. Cards issued will contain the name of FTB as issuer, but if and for so long as FTB and Member Bank agree, and subject to any charges herein set out, may display the name and service mark of Member Bank on the front side thereof. Upon any termination of this Agreement, FTB shall not issue further Cards bearing Member Bank's name and service mark. However, FTB shall have a continuing license to use Member Bank's name and service mark on Cards which are outstanding at the time of such termination; and FTB will not be required to cancel any Card issued or Cardholder account opened prior to such termination.

3. Cardholders. The issuance to and use of a Card by each Cardholder whose name is supplied by Member Bank shall be subject to a contract between the Cardholder and FTB. All Cards issued by FTB, Cardholder accounts, income derived therefrom, outstanding balances in respect thereto and all applications and all records associated with the Card and Cardholder shall be the property of FTB. Member Bank shall have no ownership rights with respect to Cards for which applications are submitted hereunder, regardless of whether Member Bank's service mark appears thereon or on any other statement or materials in connection therewith. Member Bank shall not sell or otherwise transfer information relating to any Cardholder to any other person or entity without the written permission of FTB.

4. Statements and Payments. With respect to Cards issued by FTB, FTB will cause periodic statements to be rendered to each Cardholder. Except in the case of Cardholders whose accounts are delinquent, Member Bank will discourage Cardholders from making payments to Member Bank on their Card accounts. Nonetheless, any payments received by Member Bank on Card accounts shall be remitted by Member Bank to FTB at the address designated by FTB no later than the business day following the business day of receipt of the payment by the Member Bank.

5. Exclusive Dealing. Member Bank agrees that as long as this Agreement is in effect, it will deal exclusively with FTB in connection with Cards and submit Card application solely to FTB for approval or disapproval.

6. Fees and Charges. FTB shall pay Member Bank, and Member Bank shall pay FTB, the fees and charges provided in Exhibit "A," attached hereto and

incorporated herein by reference.

7. Termination. This Agreement may be terminated at any time upon not less than (30) days' prior written notice of termination by either party to the other party, after which time neither party shall have any obligation to the other hereunder.

8. Governing Law. This Agreement is governed by the laws of the State of Tennessee.

EXECUTED by the parties hereto as of the date first hereinabove stated.

FIRST TENNESSEE BANK NATIONAL
ASSOCIATION

By: /s/ Donna Burns
Title: Vice President

FTB

/s/ Phil Koning
By: Phil Koning
Title: President

MEMBER BANK

EXHIBIT "A"

Compensation to Member Bank for approved Cardholders referred by Member Bank shall be \$20.00 per new Cardholder account (not including renewals), plus five percent (5%) of Finance Charges collected by FTB on such Cardholder accounts during the term of this Agreement.

FTB MEMBER BANK AGREEMENT
(Cash Advances)

THIS AGREEMENT, made this 24th day of October, 1997, by and between FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association with its principal place of business in Memphis, Tennessee, hereinafter referred to as "FTB," and Macatawa Bank, a State bank, located in Zeeland, Michigan, hereinafter referred to as "Member Bank."

WHEREAS, FTB is a member of VISA U.S.A., Incorporated ("VISA") and MasterCard International, Inc. ("MasterCard"), and is engaged in the business of processing transactions in connection with the use of Cards (hereinafter defined) issued pursuant to systems established and developed by VISA and MasterCard; and

WHEREAS, Member Bank desires to enter into an arrangement with FTB pursuant to which Member Bank may make cash advances to Cardholders and transmit the Card Items (hereinafter defined) resulting therefrom to FTB for processing;

NOW, THEREFORE, in consideration of the mutual obligations, promises and covenants set forth in this Agreement, the parties hereto agree as follows:

1. Definitions. As used herein, the following terms shall have the meanings hereinafter set out:

"Card" means any credit or debit card bearing the service name of one of the Card Associations.

"Card Associations" means VISA and MasterCard.

"Cardholder" means any person, corporation, or other legal entity to whom a Card has been issued.

"Card Item" means a Cash Advance ticket or other form of evidence of a Card transaction, whether written, electronic, magnetic, or otherwise; and "transaction" refers to credits as well as debits to Cardholders.

"Cash Advance" means the advance of cash by Member Bank to a Cardholder through the use of a Card pursuant to applicable Operating Regulations; provided, however, that for purposes of this Agreement Cash Advances shall not include advances to Cardholders by means of an automatic teller machine ("ATM"), such advances by means of ATM's being subject to another agreement.

"Operating Regulations" means the operating rules and regulations issued by the Card Associations, as amended from time to time.

1. Membership in MasterCard and VISA. Promptly after executing this Agreement, Member Bank will (a) apply for membership as a non-voting associate member of MasterCard and/or VISA and at all times until termination of the Agreement will maintain such memberships in good standing; (b) pay all membership and other fees as such Card Associations may from time to time require; and (c) execute such applications, membership agreements, license agreements, and change of sponsorship forms as shall be required by either Card Association or FTB in connection with Member Bank's participation hereunder. Member Bank agrees to comply with and be bound by all Operating Regulations,

bylaws, operating manuals, operating letters, procedures, and policies of MasterCard and VISA as now or hereafter in effect, and as from time to time amended or supplemented. Member Bank acknowledges that it has no ownership or other interest in the service marks of VISA, MasterCard or FTB. Member Bank agrees that it will use all service marks, trademarks, and registered symbols of VISA, MasterCard and FTB, on printed material or in other advertising media, only in the manner approved by applicable Card Associations and/or FTB. Member Bank understands and agrees that VISA, MasterCard and FTB may take whatever action is necessary to protect, preserve, and prevent infringement of their respective marks and symbols. In the event that this Agreement is terminated for any reason, Member Bank will immediately cease using all service marks, trademarks, symbols, and materials related in any way to the Card Associations or FTB.

2. Cash Advances by Member Bank. Member Bank shall make Cash Advances to Cardholders subject to and in the manner prescribed by the Operating Regulations of the applicable Card Association for the amount requested, except that Member Bank shall not be required to make any Cash Advance for any sum less than \$50.00. Prior to making a Cash Advance, Member Bank will obtain electronic authorization using a magnetic stripe reading terminal in accordance with the Operating Regulations of the applicable Card Association. The Member Bank shall not charge the Cardholder a fee for a Cash Advance. With respect to each Cash Advance, Member Bank warrants, by transferring, depositing, forwarding for clearing, and receiving value therefor, that:

(a) Member Bank has complied with the Operating Regulations of the applicable Card Association; and

(b) Member Bank has given cash in the amount shown on the Card Item for the Cash Advance to the person signing same; and

(c) With respect to the Card used in connection with each such Cash Advance, that the signature on the Card Item representing the Cash Advance is the signature of the Cardholder of such Card, and that the Card is genuine.

3. Member Bank Deposit Account. Unless FTB shall agree otherwise, Member Bank shall maintain a balance in a deposit account ("Member Bank's Deposit Account") with FTB for the crediting and debiting, as between FTB and Member Bank, of Cash Advances made at Member Bank. Member Bank shall be liable, and FTB is hereby authorized to debit Member Bank's Deposit Account, for the fees set forth in Exhibit "A"; for any charges or fines imposed by VISA or MasterCard as a result of any act or omission of Member Bank or its non-compliance with applicable Operating Regulations; for any loss or damage resulting from breach by Member Bank of any of its covenants, representations or warranties hereunder, for the full amount of any Cash Advance made by Member Bank which is not in compliance with the provisions of applicable Operating Regulations or this Agreement; for the amount of any Cash Advance made by Member Bank which has been charged back to FTB for any reason by or through VISA or MasterCard, as applicable, or is otherwise subject to chargeback under applicable Operating Regulations. In the event that the balance in Member Bank's Deposit Account is insufficient to pay all such amounts, Member Bank shall pay the amount of such insufficiency to FTB immediately upon demand.

4. Exclusive Dealing. Member Bank agrees that as long as this Agreement is in effect, it will submit cash advance Card transactions solely to FTB with regard to the Card Associations.

5. Fees and Charges. FTB shall pay Member Bank, and Member Bank shall pay FTB, the fees and charges provided in Exhibit "A," attached hereto and incorporated herein by reference.

6. Termination. This Agreement may be terminated at any time upon not less than thirty (30) days' prior written notice of termination by either party to the other party. All Card Items processed on or prior to the effective date of termination specified in such notice shall be subject to all terms and conditions of this Agreement including, but not limited to, the right of chargeback hereinabove specified, regardless of whether the chargeback arises after such effective date of termination. All warranties of Member Bank hereunder shall remain in full force and effect without regard to such termination. In the event of a default by Member Bank in any terms of this Agreement, this Agreement may be terminated by FTB immediately by written notice to Member Bank.

7. Notice. Any notice required to be given in this Agreement shall be deemed sufficient when given by certified mail or hand delivered as follows:

TO MEMBER BANK: Macatawa Bank
51 East Main Street
Zeeland, MI 49464

TO FTB: FIRST TENNESSEE BANK NATIONAL
ASSOCIATION
300 Court Avenue
Memphis, Tennessee 38103

ATTN: Manager, Merchant Services

1. Amendment. Amendments to this Agreement which are required by applicable Operating Regulations may be made in writing from time to time by FTB. Such amendments will be mailed to Member Bank at least thirty (30) days prior to implementation unless implementation sooner than thirty (30) days is required by the applicable Card Association or is necessary, in FTB's judgment, to prevent noncompliance with applicable Operating Regulations. Member Bank will be subject to the provisions of all such amendments unless Member Bank terminates this Agreement as provided herein.

2. Other Credit and Debit Card Arrangements. Each party acknowledges that the other from time to time may enter into arrangements with sponsors and issuers of credit and debit cards other than the Card Associations, but that the arrangements and agreements between FTB and Member Bank hereunder shall relate only to VISA and MasterCard and the Cards issued pursuant to their respective systems.

3. Governing Law. This Agreement is governed by the laws of the State of Tennessee.

4. Venue and Jury Trial Waiver. No suit or action shall be commenced by Member Bank with respect to any of the matters to which this Agreement relates or any transactions entered into or processed pursuant to this Agreement, other than in a state court in the County and State in which the principal place of business of FTB is located or in the United States District Court for the District in which the principal place of business of FTB is located, and not elsewhere. Nothing herein shall prohibit FTB from instituting suit in any court of competent jurisdiction for the enforcement of its rights hereunder. IN ANY ACTION OR PROCEEDING INVOLVING THIS AGREEMENT OR TRANSACTIONS ENTERED INTO OR PROCESSED PURSUANT TO THIS AGREEMENT, MEMBER BANK AND FTB HEREBY WAIVE THEIR RIGHTS TO DEMAND A JURY TRIAL.

5. Entire Agreement. This Agreement represents the entire agreement between FTB and Member Bank with respect to the subject matter hereof unless enlarged or modified by supplement in writing signed by FTB and Member Bank.

EXECUTED by the parties hereto as of the date first hereinabove stated.

FIRST TENNESSEE BANK NATIONAL
ASSOCIATION

By: /s/ Donna Burns
Title: Vice President

FTB

/s/ Phil Koning
By: Phil Koning
Title: President

MEMBER BANK

EXHIBIT"A"

For each Cash Advance by Member Bank, FTB will pay Member Bank the amount of interchange received by FTB from the applicable Card Association, less a processing fee (to be retained by FTB) in the amount of Seventy-Five Cents (75 cents) per Cash Advance. Member Bank will pay the cost of equipment used by Member Bank in Cash Advance transactions.

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use of our report dated February 25, 1998 on the financial statements of Macatawa Bank Corporation for the period ended December 31, 1997, to be included within this Registration Statement on Form SB-2 and Prospectus of Macatawa Bank Corporation. We also consent to the use of our name as "Experts" in the Prospectus.

/s/ Crowe, Chizek and Company LLP
Crowe, Chizek and Company LLP

Grand Rapids, Michigan
March 13, 1998

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