

INDEPENDENT BANK CORP /MI/

Form S-4/A

April 15, 2010

As filed with the Securities and Exchange Commission
on April 15, 2010

Registration No. 333-164546

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 4 to

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Independent Bank Corporation

(Exact name of registrant as specified in its charter)

Michigan
(State or other jurisdiction of
incorporation or organization)

6021
(Primary Standard Industrial
Classification Code Number)

38-2032782
(I.R.S. Employer
Identification Number)

230 West Main Street

Ionia, Michigan 48846

(616) 527-9450

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(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)

Robert N. Shuster
Chief Financial Officer
230 West Main Street
Ionia, Michigan 48846
(616) 527-9450

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Michael G. Wooldridge
Varnum LLP
333 Bridge Street, P.O. Box 352
Grand Rapids, Michigan 49501-0352
(616) 336-6000

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, 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. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

PROSPECTUS

Offers to Exchange

Up to 180,200,000 Shares of Common Stock of Independent Bank Corporation for up to all Trust Preferred Securities issued by IBC Capital Finance II, IBC Capital Finance III, IBC Capital Finance IV, and Midwest Guaranty Trust I

We are offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and in the related letter of transmittal, up to 180,200,000 newly issued shares of our common stock for properly tendered and accepted trust preferred securities issued by IBC Capital Finance II (Nasdaq: IBCPO), IBC Capital Finance III, IBC Capital Finance IV, and Midwest Guaranty Trust I.

The exchange offers will expire at 11:59 p.m., Eastern Time, on June 1, 2010, unless extended or earlier terminated by us (such date and time, as it may be extended, the "Expiration Date"). In order to receive the applicable Early Tender Premium Value per Liquidation Amount shown in the table below, holders must tender by 5:00 p.m., Eastern Time, on May 17, 2010, unless that deadline is extended by us (such date and time, as it may be extended, the "Early Tender Premium Deadline"). Tenders may be withdrawn at any time prior to the Expiration Date.

For each trust preferred security that we accept for exchange in accordance with the terms of the applicable exchange offer, we will issue a number of shares of our common stock having an aggregate dollar value (the "Exchange Value") set forth in the table below or, in the case of a trust preferred security tendered on or prior to the Early Tender Premium Deadline, having an aggregate dollar value equal to the applicable Exchange Value plus the Early Tender Premium Value set forth in the table below.

We refer to the number of shares of common stock we will issue for each trust preferred security we accept for exchange as the "exchange ratio." In determining the exchange ratio, the value per share of common stock will be the "Relevant Price," which is equal to the average volume weighted average price per share, or "Average VWAP," of our common stock for the five consecutive trading day period ending on and including the second trading day immediately preceding the Expiration Date, as it may be extended (we refer to such five-day period as the "Pricing Period" and the second trading day immediately preceding the Expiration Date as the "Pricing Date"). We will announce the final exchange ratios (both for those trust preferred securities tendered before the Early Tender Premium Deadline and for those tendered after that deadline) by 9:00 a.m., Eastern Time, on the next trading day following the Pricing Date (the "Announcement Date"). Depending on the trading price of our common stock on the settlement date of an exchange offer compared to the price established by this procedure, the market value of the common stock we issue in exchange for each trust preferred security we accept for exchange may be less than, equal to, or greater than the applicable Exchange Value or Total Exchange Value referred to in the table below.

The table below sets forth certain information regarding the series of trust preferred securities that are the subject of the exchange offers. **You will be eligible to receive a number of shares of common stock with the Total**

Exchange Value set forth in the table below only if you validly tender your trust preferred securities on or prior to the Early Tender Premium Deadline and do not subsequently withdraw such trust preferred securities, subject to our completion of the applicable exchange offer pursuant to the terms described in this prospectus and the related letter of transmittal.

CUSIP	Title of Securities	Issuer	Liquidation			Early Tender	Total	Maximum No. of Common Shares Issuable
			Aggregate	Amount per	Exchange	Premium	Exchange	
			Liquidation Amount	Trust Preferred Security	Value	Value	Value	
			Outstanding		(per Liquidation Amount)			
44921B 20 8	8.25% Cumulative Trust Preferred Securities	IBC Capital Finance II	\$50,600,000	\$ 25	\$ 21.40	\$ 1.25	\$ 22.65	101,200,000
44921N AA 1	Floating Rate Trust Preferred Securities	IBC Capital Finance III	\$12,000,000	\$ 1,000	\$811.11	\$ 50.00	\$861.11	24,000,000
44921T AA 8	Floating Rate Trust Preferred Securities	IBC Capital Finance IV	\$20,000,000	\$ 1,000	\$814.54	\$ 50.00	\$864.54	40,000,000
N/A	Floating Rate Trust Preferred Securities	Midwest Guaranty Trust I	\$ 7,500,000	\$ 1,000	\$821.26	\$ 50.00	\$871.26	15,000,000

We encourage you to read and carefully consider this prospectus in its entirety, in particular the risk factors beginning on page 16, for a discussion of factors that you should consider with respect to these offers.

The shares of common stock offered in the exchange offers are not savings accounts, deposits, or other obligations of any of our bank or non-bank subsidiaries and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Neither the Securities and Exchange Commission (the "SEC"), any state securities commission, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, nor any other regulatory body has approved or disapproved of the exchange offers or of the securities to be issued in the exchange offers or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Our obligation to complete the exchange offers is subject to a number of conditions that must be satisfied or, if permissible under applicable law, waived by us prior to the Expiration Date. Our obligation to complete the exchange offers is not subject to any minimum tender condition.

Our common stock is listed on the Nasdaq Global Select Market ("Nasdaq GSM") under the symbol "IBCP". As of April 14, 2010, the closing sale price for our common stock on the Nasdaq GSM was \$0.715 per share. We currently expect that the shares of common stock to be issued in this exchange offer will be approved for listing on the Nasdaq GSM. However, our common stock may be delisted from the Nasdaq GSM in the near future. Please see "Market Price, Dividend, and Distribution Information" on page 126 for more information.

None of IBC, the trustees of IBC Capital Finance II, IBC Capital Finance III, IBC Capital Finance IV, or Midwest Guaranty Trust I, the Dealer Manager, the Exchange Agent, the Information Agent, or any other person is making any recommendation as to whether you should tender all or any portion of your trust preferred securities. You must make your own decision after reading this prospectus and consulting with your advisors, if necessary.

The date of this prospectus is April 15, 2010.

Dealer Manager

Stifel, Nicolaus & Company, Inc.

501 N. Broadway

St. Louis, MO 63102

Tel: (314) 342-4054

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IMPORTANT

All of the trust preferred securities issued by IBC Capital Finance II, IBC Capital Finance III, and IBC Capital Finance IV were issued in book-entry form and are currently represented by one or more global certificates held for the account of The Depository Trust Company ("DTC"). You may tender any of these trust preferred securities by transferring them through DTC's Automated Tender Offer Program ("ATOP") or by following the other procedures described under "The Exchange Offers Procedures for Tendering" on page 117 below. The trust preferred securities issued by Midwest Guaranty Trust I were issued in physical certificate form and must be tendered by contacting D.F. King & Co., Inc., as exchange agent for the exchange offers (the "Exchange Agent"), at the phone numbers shown on the back cover page of this prospectus.

We are not providing for guaranteed delivery procedures and therefore you must allow sufficient time for the necessary tender procedures to be completed during normal business hours of DTC on or prior to the Expiration Date of the exchange offers. If you hold your trust preferred securities through a broker, dealer, commercial bank, trust company, or other nominee, you should consider that such entity may require you to take action with respect to the exchange offers a number of days before the Expiration Date in order for such entity to tender trust preferred securities on your behalf on or prior to the Expiration Date. Tenders not received by the Exchange Agent on or prior to the Expiration Date will be disregarded and of no effect.

Unless otherwise indicated or unless the context requires otherwise, all references to "we," "us," "our," or similar references mean Independent Bank Corporation and its direct and indirect subsidiaries on a consolidated basis.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different. You should assume that the information contained in this prospectus is accurate only as of the date set forth above. We are not making an offer of these securities in any jurisdiction where such offer is not permitted.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus, which forms a part of a registration statement filed with the SEC, does not contain all of the information set forth in the registration statement. For further information with respect to us and the securities to be exchanged, reference is made to the registration statement.

We file annual, quarterly, and current reports, proxy statements, and other information with the SEC. You may read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You can also request copies of the documents, upon payment of a duplicating fee, by writing the Public Reference Section of the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC's web site at <http://www.sec.gov>.

The Exchange Agent for the exchange offers is:

D.F. King & Co., Inc.

By Facsimile (Eligible Institutions Only)

(212) 809-8838

(provide call back telephone number on fax cover sheet for confirmation)

Confirmation: (212) 493-6996

By Mail, Overnight Courier or Hand Delivery

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, New York 10005

Attn: Elton Bagley

Questions and requests for assistance related to the exchange offers or additional copies of this prospectus or the related letter of transmittal may be directed to the Information Agent at its address or telephone numbers set forth below. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance concerning the exchange offers.

The Information Agent for the exchange offers is:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, New York 10005

Banks and Brokers call: (212) 269-5550 (Collect)

All others call Toll-free: (800) 431-9643

QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFERS

The following are certain questions regarding the exchange offers that you may have as a holder of trust preferred securities and the answers to those questions. To fully understand the exchange offers and the considerations that may be important to your decision whether to participate, you should carefully read this prospectus in its entirety, including the section entitled "Risk Factors" beginning on page 16 below.

What are the exchange offers?

We are offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and in the related letter of transmittal, up to 180,200,000 newly issued shares of our common stock for properly tendered and accepted trust preferred securities issued by IBC Capital Finance II (Nasdaq: IBCPO), IBC Capital Finance III, IBC Capital Finance IV, and Midwest Guaranty Trust I.

What is the purpose of the exchange offers?

The exchange offers are a part of a more comprehensive Capital Restoration Plan that has been adopted by our Board of Directors (the "Capital Plan") with the primary objective of increasing our capital and meeting certain minimum capital ratios established by our Board. Due to recent events affecting the national economy and the Michigan economy in particular, we believe additional equity capital is necessary to maintain and strengthen our capital base as the effects of these events impact our business over the coming months and years. Although the regulatory capital ratios of our subsidiary bank remain at levels above federal regulatory "well capitalized" standards, because of the losses we have incurred in recent quarters, our elevated levels of non-performing loans and other real estate, the ongoing economic stress in Michigan, and anticipated losses for the foreseeable future, we believe increasing our capital is very important to our future success.

You can find more detail regarding our Capital Plan under "The Exchange Offers - Capital Plan" beginning on page 112 below. In short, our Capital Plan contemplates three primary initiatives intended to strengthen our capital structure:

1. The conversion of our shares of Series A Preferred Stock held by the United States Department of the Treasury (the "Treasury") into shares of our common stock. As discussed under "The Exchange Offers - Exchange Offer with the U.S. Treasury" below, the Treasury has agreed to this conversion provided we achieve a certain level of success with the other two initiatives described below;
2. The exchange offers described in this prospectus, in which we seek to exchange outstanding trust preferred securities for shares of our common stock; and

3. A public offering of our common stock for cash in which we currently intend to seek to raise up to \$150 million of new equity capital.

How important are these exchange offers to the success of the Capital Plan?

Our ability to successfully complete the three initiatives described above and achieve the objectives of our Capital Plan largely depends on the success of the exchange offers described in this prospectus. We believe a high rate of participation in these exchange offers is critical to successfully implement our Capital Plan.

More specifically, as described under "Exchange Offers – Importance of the Exchange Offers" below, we believe we need to exchange a minimum of \$40 million in aggregate Liquidation Amount of trust preferred securities for common stock in these exchange offers in order for us to be able to achieve the objectives of our Capital Plan. Because of our expectations regarding the likelihood that holders of approximately 44% of the trust preferred securities will not participate (see "Risk Factors" below), the holders of at least \$40 million aggregate Liquidation Amount of the trust preferred securities issued by IBC Capital Finance II (Nasdaq: IBCPO), or almost 80% of the aggregate \$50.6 million Liquidation Amount outstanding, may need to participate in the exchange offer in order for us to meet certain conditions in our agreement with the Treasury. If we do not get this level of participation, the Treasury may determine in its sole discretion to waive this condition, but we have no reason to believe that Treasury would be willing to do so.

We encourage you to read "The Exchange Offers – Importance of the Exchange Offers" below for more details on the importance of these exchange offers. In addition, you should carefully read "Risk Factors" below.

What are the key terms of the exchange offers?

We are offering to exchange up to 180,200,000 newly issued shares of our common stock for the outstanding trust preferred securities referenced in the table below on the terms set forth in such table, subject to the terms and conditions set forth in this prospectus and in the related letter of transmittal.

CUSIP	Title of Securities	Issuer	Aggregate Amount Outstanding	Liquidation	Exchange Value	Early	Total Exchange Value	Maximum
				Amount per Trust Preferred Security		Tender Value		No. of Common Shares Issuable
44921B 20 8	8.25% Cumulative Trust Preferred Securities	IBC Capital Finance II	50,000,000	\$ 25	\$ 21.40	\$ 1.25	\$ 22.65	101,200,000
44921N AA 1	Floating Rate Trust Preferred Securities	IBC Capital Finance III	12,000,000	\$ 1,000	\$ 811.11	\$ 50.00	\$ 861.11	24,000,000
44921T AA 8	Floating Rate Trust Preferred Securities	IBC Capital Finance IV	20,000,000	\$ 1,000	\$ 814.54	\$ 50.00	\$ 864.54	40,000,000
N/A	Floating Rate Trust Preferred Securities	Midwest Guaranty Trust I	7,500,000	\$ 1,000	\$ 821.26	\$ 50.00	\$ 871.26	15,000,000

What consideration is being offered in exchange for the trust preferred securities?

We are offering to issue shares of our common stock in exchange for the trust preferred securities. The number of shares of our common stock you would be eligible to receive is explained in the next paragraph.

We refer to the liquidation amount of each of the trust preferred securities, as shown in the table above, as the "Liquidation Amount." The Liquidation Amount of each trust preferred security issued by IBC Capital Finance II is \$25. The Liquidation Amount of each trust preferred security issued by IBC Capital Finance III, IBC Capital Finance

IV, and Midwest Guaranty Trust I is \$1,000. For each Liquidation Amount of trust preferred securities that we accept for exchange in accordance with the terms of the exchange offers, we will issue a number of shares of our common stock having an aggregate dollar value (based on the Relevant Price, as described below) equal to the applicable Exchange Value set forth in the table above or, in the case of trust preferred securities tendered on or prior to the Early Tender Premium Deadline, having an aggregate dollar value (based on the Relevant Price) equal to the sum of the applicable Exchange Value plus the applicable Early Tender Premium Value set forth in the table above (such sum, the "Total Exchange Value"). We refer to the number of shares of our common stock we will issue for each Liquidation Amount of trust preferred securities we accept in the exchange offers as the "exchange ratio." We will round each exchange ratio down to four decimal places.

The "Relevant Price" is equal to the average volume weighted average price per share, or "Average VWAP," of our stock for the five consecutive trading day period ending on and including the second trading day immediately preceding the Expiration Date, as it may be extended (we refer to such five-day period as the "Pricing Period" and the second trading day immediately preceding the Expiration Date as the "Pricing Date").

Depending on the trading price of our common stock on the settlement date for the exchange offers compared to the Relevant Price described above, the market value of the shares of common stock we issue in exchange for each Liquidation Amount of trust preferred securities we accept for exchange may be less than, equal to, or greater than the applicable Exchange Value or Total Exchange Value.

How did you determine the amount of consideration being offered?

The Exchange Value represents 80% of the applicable Liquidation Amount of the trust preferred securities, plus 100% of the value of all accrued and unpaid dividends on such Liquidation Amount through May 31, 2010. We decided to calculate accrued dividends through May 31, 2010 based on our approximate expected completion of the exchange offers. Although the Expiration Date (which may be extended) is June 1, 2010, the Exchange Values will not be increased or otherwise change as a result of the exchange offers closing after the May 31, 2010 calculation date.

We established the Exchange Values being offered in consideration for the trust preferred securities by taking into account multiple considerations, including the fact that accrued and unpaid dividends will not be paid in cash to holders of the trust preferred securities who participate in the exchange offers. We also reviewed comparable transactions that have recently been completed. Most importantly, we have set the Exchange Values at a level we believe will solicit a high level of participation from the holders of our trust preferred securities, given the importance of the exchange offers to the success of our Capital Plan (as discussed under "Risk Factors" and "The Exchange Offers-Capital Plan" below). We believe achieving the goals of our Capital Plan is in the best interests of our shareholders.

The Early Tender Premium Value represents an additional 5% of the applicable Liquidation Amount of the trust preferred securities. We determined to offer this Early Tender Premium Value to holders of trust preferred securities who tender their trust preferred securities prior to the Early Tender Premium Deadline in order to encourage early participation in the exchange offers, which we hope will have a beneficial effect on the overall level of participation in the exchange offers.

How may I obtain information regarding the Relevant Price and applicable exchange ratio?

Throughout the exchange offers, the indicative Average VWAP, the resulting indicative Relevant Price, and the indicative exchange ratios will be available at www.independentbank.com/exchangeoffers and from our information agent, D.F. King & Co., Inc. (the "Information Agent") at one of its telephone numbers listed on the back cover page of this prospectus. We will announce the final exchange ratios (both for those trust preferred securities tendered before the Early Tender Premium Deadline and for those tendered after that deadline) by 9:00 a.m., Eastern Time, on the next trading day following the Pricing Date (the "Announcement Date"), and those final exchange ratios will also be available by that time at www.independentbank.com/exchangeoffers and from the Information Agent.

Will all trust preferred securities that I tender be accepted in the exchange offer?

We believe so. We believe we will be able to accept for exchange all trust preferred securities that are tendered in the exchange offers, but it is possible we may not be able to do so. The maximum number of shares of our common stock we will issue in exchange for each class of trust preferred securities is shown in the table above. Depending on the amount of trust preferred securities tendered in the exchange offers and the final exchange ratios, we may have to prorate the trust preferred securities that we accept in the exchange offers to remain within these limits. Any trust preferred securities not accepted for exchange as a result of proration will be returned to tendering holders promptly after the final proration factor is determined. See "The Exchange Offers Terms of the Exchange Offers Proration" for more details.

When are you going to resume making quarterly distributions on the trust preferred securities?

Beginning in the fourth quarter of 2009, we suspended all quarterly dividend payments on our outstanding trust preferred securities. If you participate in the exchange offers, you will be giving up your right to all distribution payments on the trust preferred securities you tender, including any distributions that have accrued but not been paid as a result of our recent suspension of quarterly payments.

We do not know if or when we will resume making payments on our trust preferred securities. For the reasons described in this prospectus, we do not anticipate resuming payments in the foreseeable future.

What happens to tendered securities that are not accepted for exchange?

If your tendered securities are not accepted for exchange for any reason pursuant to the terms and conditions of the exchange offers, such securities will be returned without expense to you or, in the case of securities tendered by book-entry transfer, such securities will be credited to an account maintained at DTC designated by the participant who delivered such securities, in each case, promptly following the Expiration Date or the termination of the exchange offers.

Will fractional shares be issued in the exchange offers?

No. We will not issue fractional shares of our common stock in the exchange offers. Instead, the number of shares of our common stock received by each registered holder whose trust preferred securities are accepted for exchange in the exchange offers will be rounded down to the nearest whole number.

Are the exchange offers subject to any minimum tender or other conditions?

Our obligation to exchange shares of our common stock for trust preferred securities tendered in the exchange offers is not subject to any minimum tender condition. In other words, we currently intend to complete and close the exchange offers regardless of the number of trust preferred securities tendered for exchange.

However, our obligation to exchange shares of our common stock for trust preferred securities tendered in the exchange offers is subject to a number of conditions that must be satisfied or, if permissible under applicable law, waived by us on or prior to the Expiration Date, including, among others, that there must not have been any change or development that in our reasonable judgment may materially reduce the anticipated benefits to us of the exchange offers or that has had, or could reasonably be expected to have, a material adverse effect on us, our business, condition (financial or otherwise), or prospects. See "Conditions of the Exchange Offers" on page 115 below for other conditions that apply.

How do I participate in the exchange offers?

You may tender your trust preferred securities by transferring the trust preferred securities through ATOP or following the other procedures described under "Procedures for Tendering" on page 117 below. Contact the Information Agent at the phone number on the back cover of this prospectus if you have any questions.

How do I participate if my trust preferred securities are held of record by a broker, dealer, commercial bank, trust company, or other nominee?

If you wish to tender your trust preferred securities and they are held of record by a broker, dealer, commercial bank, trust company, or other nominee, you should contact such entity promptly and instruct it to tender the trust preferred securities on your behalf. In some cases, the nominee may request submission of such instructions on a beneficial owner's instruction form. Please check with your nominee to determine the procedures for such form.

You are urged to instruct your broker, dealer, commercial bank, trust company, or other nominee at least five business days prior to the Expiration Date in order to allow adequate processing time for your instruction.

In order to validly tender your trust preferred securities in the exchange offers, you or your broker, dealer, commercial bank, trust company, or other nominee must follow the procedures described under "Procedures for Tendering" on page 117 below.

We are not providing for guaranteed delivery procedures and therefore you must allow sufficient time for the necessary tender procedures to be completed during normal business hours of DTC on or prior to the Expiration Date. If you hold your trust preferred securities through a broker, dealer, commercial bank, trust company or other nominee, you should consider that such entity may require you to take action with respect to the exchange offers a number of days before the Expiration Date in order for such entity to tender trust preferred securities on your behalf on or prior to the Expiration Date. Tenders not received by the Exchange Agent on or prior to the Expiration Date will be disregarded and of no effect.

May I tender only a portion of the trust preferred securities that I hold?

Yes. You do not have to tender all of your trust preferred securities to participate in the exchange offers.

Is IBC or anyone else making a recommendation regarding whether I should tender in the exchange offers?

No. Neither we, any trustee of our trust subsidiaries, the Dealer Manager, the Exchange Agent, the Information Agent, nor anyone else is making any recommendation regarding whether you should tender all or a portion of your

trust preferred securities in the exchange offers. Accordingly, you must make your own determination as to whether to tender your trust preferred securities in the exchange offers and, if so, the number of trust preferred securities to tender. Before making your decision, we urge you to carefully read this prospectus in its entirety, including the information set forth in the section of this prospectus entitled "Risk Factors."

When do the exchange offers expire?

The exchange offers will expire at 11:59 p.m., Eastern Time, on June 1, 2010, unless extended or earlier terminated by us. We refer to such time and date, as it may be extended, as the "Expiration Date." The Early Tender Premium Deadline (the date by which you must tender in order to be eligible to receive the applicable Early Tender Premium Value per Liquidation Amount listed on the cover page of this prospectus) is 5:00 p.m., Eastern Time, May 17, 2010, unless we extend it.

Under what circumstances can the exchange offers be extended, amended, or terminated?

We do not currently intend to extend or amend the exchange offers. However, we reserve the right to extend any one or more of the exchange offers for any reason or no reason at all. We also reserve the right, at any time or from time to time, to amend the terms of any one or more of the exchange offers in any respect prior to the Expiration Date. We also reserve the right to terminate any one or more of the exchange offers at any time prior to the Expiration Date if any of the conditions to our completion of the exchange offers is not satisfied. If any of the exchange offers are terminated, no trust preferred securities for that exchange offer will be accepted for exchange and any trust preferred securities that have been tendered for that exchange offer will be returned to the holder promptly after the termination. For more information regarding our right to extend, amend, or terminate the exchange offers, see "Expiration Date; Extension; Termination; Amendment" on page 116 below.

How will the Average VWAP be affected by an extension of the exchange offers?

Even if we extend the exchange offers, the Average VWAP will still be determined using the arithmetic average of the daily per-share volume weighted average price of our common stock for each of the five consecutive trading days ending on and including the Pricing Date, which is currently expected to be May 27, 2010 (subject to revision if the Expiration Date is extended). For information about the fluctuations in the share price of our common stock, see below under "Risk Factors."

How will I be notified if any exchange offer is extended, amended, or terminated?

If any one or more of the exchange offers is extended, amended, or terminated, we will issue a timely public announcement. For more information regarding notification of extensions, amendments, or the termination of the exchange offers, see "Expiration Date; Extension; Termination; Amendment" on page 116 below.

May I withdraw trust preferred securities that I tender in the exchange offers?

You may withdraw any trust preferred securities that you tender at any time prior to the Expiration Date. You may withdraw any trust preferred securities in accordance with the terms of the exchange offers by following the procedures described under the caption "Withdrawal of Tenders" on page 120 below.

With whom may I speak if I have questions about the exchange offers?

If you have questions regarding the procedures for tendering your trust preferred securities in the exchange offers, require additional materials, or require assistance in tendering your trust preferred securities, please contact D.F. King & Co., Inc., our Information Agent for the exchange offers. You can call the Information Agent at one of its phone numbers listed on the back cover page of this prospectus. You may also write to the Information Agent at the address set forth on the back cover page of this prospectus.

SUMMARY

This summary highlights the material information contained in this prospectus to help you understand our business and the exchange offers. It does not contain all of the information that may be important to you. You should carefully read this prospectus to understand fully the terms of the exchange offers, as well as the other considerations that are important to you in making your investment decision. You should pay special attention to the "Risk Factors" beginning on page 16.

About Independent Bank Corporation

Independent Bank Corporation, headquartered in Ionia, Michigan, is a regional bank holding company providing commercial banking services in Michigan. We offer a wide range of banking products and services, including transaction and savings deposits, commercial, consumer and real estate loans, mortgage origination services, and retail brokerage services. We serve individuals, small to medium-sized businesses, community organizations, and public entities.

Our wholly-owned banking subsidiary, Independent Bank, has banking offices located throughout Michigan, and the offices are primarily located in or near the Grand Rapids, Battle Creek, Lansing, Detroit, Bay City, and Saginaw metropolitan areas. In total, Independent Bank serves its markets through its main office and a total of 105 branches, 4 drive-thru facilities, and 5 loan production offices.

Our bank's activities cover all phases of commercial banking, including checking and savings accounts, commercial lending, direct and indirect consumer financing, mortgage lending, and safe deposit box services. Our bank's mortgage lending activities are primarily conducted through a separate mortgage bank subsidiary. In addition, Mepco Finance Corporation ("Mepco"), a subsidiary of our bank, acquires (on a full recourse basis) and services payment plans used by consumers to purchase vehicle service contracts and similar products provided and administered by third parties. We also offer title insurance services through a separate subsidiary of our bank and investment and insurance services through a third party agreement with PrimeVest Financial Services, Inc. Our bank does not offer trust services. Our principal markets are the rural and suburban communities across lower Michigan that are served by our bank's branch network.

Our principal executive offices are located at 230 West Main Street, Ionia, Michigan 48846, and our telephone number at that address is (616) 527-9450.

About the Trusts

Each of IBC Capital Finance II, IBC Capital Finance III, IBC Capital Finance IV, and Midwest Guaranty Trust I (each one a "Trust," and collectively, the "Trusts") is a Delaware statutory trust. We are the sole holder of all the common securities of each of these Trusts. The sole asset and only source of funds to make payments on the trust preferred securities issued by each Trust are the junior subordinated debentures we issued to each Trust (the "Underlying Debentures"). To the extent that a Trust receives interest payments from us on the Underlying Debentures it holds, it is obligated to distribute those amounts to the holders of trust preferred securities of such Trust in the form of quarterly distributions. We have provided holders of the trust preferred securities of the Trusts a guarantee in support of each of the Trusts' obligation to make distributions on its trust preferred securities, but only to the extent such Trust otherwise has funds available for distribution.

We have currently suspended quarterly distributions on the trust preferred securities of the Trusts. We are unsure when distributions will resume. We have no plans to resume distributions in the foreseeable future.

Background to the Exchange Offers

Our subsidiary bank began to experience rising levels of non-performing loans and higher provisions for loan losses in 2006. The bank remained profitable through the second quarter of 2008. However, since the third quarter of 2008, the bank has incurred six consecutive quarterly losses, which have pressured its capital ratios. Although our bank still remains well-capitalized under federal regulatory guidelines, we project that, due to our past losses, continuing economic stress in Michigan, elevated levels of non-performing assets, and anticipated losses for the foreseeable future, an increase in equity capital is likely necessary in order for our bank to remain well-capitalized. Therefore, our Board recently adopted a Capital Restoration Plan (the "Capital Plan"). The Capital Plan documents our objectives for increasing the bank's capital ratios and the various methods to be employed to reach those objectives. The Capital Plan is described in more detail under "The Exchange Offers - Capital Plan" below.

The three primary initiatives of our Capital Plan are as follows:

The conversion of our shares of Series A Preferred Stock held by the United States Department of the Treasury (the "Treasury") into shares of our common stock. As discussed under "The Exchange Offers - Exchange Offer With the U.S. Treasury" below, the Treasury has agreed to this conversion provided we achieve a certain level of success with the other two initiatives described below;

An offer to exchange shares of our common stock for our outstanding trust preferred securities, as described in this prospectus; and

A public offering of our common stock for cash in which we currently intend to seek to raise up to \$150 million of new equity capital.

The first two initiatives described above do not result in any cash proceeds to us, although, if completed, they will allow us to reduce our future interest expense. It is the third initiative described above, a public offering of our common stock, that would result in cash proceeds to us. We would anticipate contributing all or substantially all of the net proceeds from such stock offering to our subsidiary bank. This contribution of new capital to the bank is what would increase the capital ratios of the bank in accordance with the objectives of our Capital Plan.

Although the first two initiatives do not directly affect the capital ratios of our subsidiary bank, we believe they are critical steps to our ability to successfully sell our common stock in a public offering. The conversion of the preferred stock held by the Treasury and the trust preferred securities into common stock would result in a reduction in our obligation to make quarterly distributions and an increase to the tangible common equity (TCE) of Independent Bank Corporation. We believe these effects will increase the likelihood that investors will purchase shares of our common stock for cash in a public offering. The magnitude of such effects will depend on the amount of trust preferred securities validly tendered and accepted for exchange in the exchange offers. We believe the more trust preferred securities tendered for exchange in these exchange offers, the better our opportunities will be to successfully raise new equity capital through a sale of our common stock. In addition, the Treasury has conditioned its willingness to convert the Series A Preferred Stock it holds into shares of our common stock on our ability to (1) issue common stock in the exchange offers described in this prospectus for at least \$40 million in aggregate Liquidation Amount of trust preferred securities, and (2) raise at least \$100 million of proceeds from a sale of our common stock.

As described under "Risk Factors" below, we expect that holders of approximately 44% of the total outstanding trust preferred securities will not participate in these exchange offers. As a result, holders of at least \$40 million aggregate Liquidation Amount of the trust preferred securities issued by IBC Capital Finance II (Nasdaq: IBCPO), or almost 80% of the aggregate \$50.6 million Liquidation Amount outstanding, may need to participate in the exchange offer in order for us to meet certain conditions in our agreement with the Treasury. If we do not get this level of participation, the Treasury may determine in its sole discretion to waive this condition, but we have no reason to believe that Treasury would be willing to do so. Please see "The Exchange Offers" below for more details.

In addition, we currently project that, after the completion of the exchange offers described in this prospectus, a public offering of our common stock for cash, and the issuance of common stock to the Treasury in exchange for the preferred stock it holds (if all of such transactions were to occur and assuming we were to issue the maximum 180.2 million shares of common stock in these exchange offers and the maximum 144 million shares of common stock to the Treasury), our current shareholders would most likely own less than 5% of our outstanding common stock.

Recent Developments

The following is a very summary description of recent developments that should be considered in assessing our financial condition and the prospects for our future operating results. We encourage you to review this entire prospectus, including the "Risk Factors" and "The Exchange Offers" sections below for more information.

Holding Company Resolutions. In December of 2009, our Board of Directors adopted resolutions that prohibit us from, among other things, paying any dividends on our common stock, our preferred stock, or our trust preferred securities without, in each case, the approval of our federal and state banking regulators.

Bank Resolutions. In December of 2009, the Board of Directors of our subsidiary bank adopted resolutions designed to enhance certain aspects of our operations, performance, and financial condition. Most importantly, these resolutions require our bank to achieve and thereafter maintain a minimum ratio of Tier 1 capital to average assets of 8% and a minimum ratio of total risk based capital to risk weighted assets of 11%. As of December 31, 2009, our bank had a Tier 1 capital ratio of 6.72% and a total risk based capital ratio of 10.36%. These resolutions were adopted in conjunction with discussions with our federal and state regulators and in response to issues highlighted in the most recent exam report issued by the Federal Reserve Bank, our bank's primary federal regulator. We may not rescind or materially modify any of these resolutions without notice to the federal and state banking regulators.

Deferral of Quarterly Distributions. Beginning in the fourth quarter of 2009, we exercised our right to defer all quarterly distributions on our outstanding trust preferred securities and on all shares of preferred stock issued to the Treasury pursuant to the Troubled Asset Relief Program (TARP). We have also ceased any cash dividends on our common stock.

Special Shareholder Meeting. On January 29, 2010, we held a special shareholder meeting in Ionia, Michigan, where our shareholders approved the following three proposals: (1) approval of an amendment to our Articles of Incorporation to increase the number of shares of common stock we are authorized to issue from 60 million to 500 million, which we expect will allow us to raise the additional equity capital necessary to comply with the Board resolutions described above; (2) approval to implement the exchange offers described in this prospectus for the trust preferred securities issued by IBC Capital Finance III, IBC Capital Finance IV, and Midwest Guaranty Trust I and the issuance of our common stock in exchange for the outstanding shares of our preferred stock held by the Treasury; and (3) approval to implement an underwater option exchange program pursuant to which we will offer our current employees who hold eligible options (excluding our "named executive officers" and excluding our directors) to surrender such options in a value-for-value exchange for new options to purchase our common stock, which program is intended to motivate and retain key employees and to reinforce the alignment of our employees' interests with those of our shareholders. More details regarding these proposals can be found in the definitive proxy statement we filed with the SEC on December 18, 2009.

Adoption of Capital Plan. As required by the Board resolutions adopted by our bank in December described above, we adopted a comprehensive Capital Restoration Plan in January 2010. The primary objective of our Capital Plan is to achieve the minimum capital ratios imposed by our Board of Directors in the resolutions adopted in December. The Capital Plan outlines three primary capital raising initiatives designed to improve our capital position and achieve these minimum capital ratios. These three capital initiatives are described above.

Exchange Offers Critical to Capital Plan. We expect that if we are unable to raise additional capital by or within a reasonable time after June 30, 2010, our bank's capital levels will likely fall below those necessary to remain "well-capitalized" under federal regulatory standards. In that case, we also expect that our federal and state banking regulators would impose additional regulatory restrictions and requirements on us through a regulatory enforcement action. These consequences would likely materially and adversely affect our financial condition and results of operations. We view the exchange offers described in this prospectus as critical to our ability to successfully implement our Capital Plan.

Bankruptcy Filing by Significant Counterparty. In March of 2010, a counterparty to which Mepco has significant exposure filed for federal bankruptcy protection. In 2009, Mepco recorded an aggregate \$19.0 million expense to establish a reserve for losses related to this counterparty. In calculating the amount of such reserve, we took into account the significant likelihood that the counterparty would file for bankruptcy protection. As a result, we currently do not expect to increase the amount of our reserve as a result of the bankruptcy filing. However, in connection with the bankruptcy filing, Mepco committed to provide financing to the counterparty of up to an aggregate of approximately \$3 million. This was done as part of Mepco's overall efforts to minimize the loss associated with this counterparty. We believe the orderly wind-down of the counterparty's business is critical as it allows the counterparty to continue providing customer service to consumers who purchased vehicle service contracts from the counterparty. See "Risk Factors" below for more information.

Option Exchange Program. On March 1, 2010, the Company commenced an offer to exchange certain underwater stock options held by our employees (excluding our "named executive officers" and excluding our directors), which was approved by our shareholders at the January 29, 2010 special meeting mentioned above. The stock option exchange expired at 11:59 p.m., Eastern Time, on March 29, 2010. Upon completion of the stock option exchange, the Company accepted for cancellation and cancelled eligible options covering 547,138 shares. Subject to the terms and conditions of the offer to exchange, the Company issued 99,855 new options in exchange for the eligible options surrendered in the stock option exchange. The exercise price of the new options is \$0.70, which was the closing price of the Company's common stock on March 30, 2010, as reported by the NASDAQ Global Select Market. As of March 31, 2010, the Company has 633,461 shares subject to outstanding options under the Company's equity compensation plans, and 922,591 shares remaining available for future issuance under such plans.

Exchange Agreement with the Treasury. On April 2, 2010, we entered into an Exchange Agreement (the "Exchange Agreement") with the Treasury, pursuant to which the Treasury agreed to accept, subject to certain conditions, our newly issued shares of Series B Convertible Preferred Stock in exchange for the entire \$72 million in aggregate liquidation value of the shares of Series A Preferred Stock we issued to the Treasury under the Capital Purchase Program (CPP) of the Troubled Asset Relief Program (TARP), plus the value of all accrued and unpaid dividends on such shares of Series A Preferred Stock. If and when issued, the shares of Series B Convertible Preferred Stock are convertible into shares of our common stock. Subject to the satisfaction or waiver of certain closing conditions, we expect to complete the exchange of our Series B Convertible Preferred Stock for our Series A Preferred Stock pursuant to the terms of the Exchange Agreement within the next 30 days. Once the Series B Convertible Preferred Stock is issued, subject to the receipt of any applicable approvals, the Treasury will have the right to convert the Series B Convertible Preferred Stock into our common stock at any time. We will be able to compel a conversion of the Series B Convertible Preferred Stock into our common stock if the following conditions are met:

- i. we receive appropriate approvals from the Federal Reserve;
- ii. at least \$40 million aggregate Liquidation Amount of trust preferred securities are exchanged for our common stock under the exchange offers described in this prospectus;
- iii. we complete a new cash equity raise of not less than \$100 million on terms acceptable to the Treasury in its sole discretion (other than with respect to the price offered per share); and
- iv. we make any required anti-dilution adjustments to the rate at which the Series B Convertible Preferred Stock is converted into our common stock.

If we are able to complete these conditions, the Series B Convertible Preferred Stock issued to the Treasury will convert into shares of our common stock at a 25% discount from the \$1,000 liquidation value, subject to certain anti-dilution adjustments.

Unless earlier converted, the Series B Convertible Preferred Stock will convert into shares of our common stock on the seventh anniversary of the issuance of the Series B Convertible Preferred Stock, subject to the prior receipt of any required regulatory and shareholder approvals. See "Description of Capital Stock" and "Risk Factors" below for more information.

Amended and Restated Warrant. As part of the terms of the Exchange Agreement, we also agreed to amend and restate the terms of the Warrant, dated December 12, 2008, issued to the Treasury to purchase 3,461,538 shares of our common stock. The Amended and Restated Warrant we will issue upon the closing of the Exchange Agreement will adjust the exercise price of the Warrant to be consistent with the conversion price applicable to the Series B Convertible Preferred Stock described above.

First Quarter of 2010. We currently expect to incur a loss during the first quarter of 2010, causing a further decline in shareholders' equity. Our tangible book value per share was \$1.27 at December 31, 2009. Despite the first quarter loss, due primarily to a decline in risk-based assets, we expect our subsidiary bank will continue to meet the requirements to be considered well capitalized under federal regulatory standards as of March 31, 2010. Our total assets will likely decline slightly from year-end 2009 levels as we have experienced a decline in total loans that is partially offset by an increase in short-term investments. We expect our asset quality trends to be stable or show slight improvement from 2009 year end levels. Our non-performing loans are expected to decline, but such decline is expected to be partially offset by an increase in other real estate (ORE) and repossessed assets. We believe the first quarter 2010 net loss will be at least \$15 million, or \$0.62 per share; however, the accounting processes for the first quarter 2010 have not yet been completed and we are unable to determine the size of the loss with any degree of certainty at this time. In particular, we are still evaluating the allowance and provision for loan losses and the reserve for vehicle service contract payment plan counterparty contingencies. The expected first quarter loss is driven primarily by a decline in net interest income, losses on ORE, high loan and collection costs, vehicle service contract payment plan counterparty contingency expenses and the provision for loan losses, which remains elevated, although it is expected to decline from the provision taken in the fourth quarter of 2009. Actual results are expected to be released in early- to mid-May in connection with the filing of our Quarterly Report on Form 10-Q for the first quarter of 2010. The release of actual results for the first quarter 2010 will occur prior to the Early Tender Premium Deadline.

More detail regarding some of these matters is set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "The Exchange Offers" below.

Summary of the Terms of the Exchange Offers

The following summary is provided solely for the convenience of holders of the trust preferred securities. This summary is not intended to be complete and should be read in conjunction with the information appearing elsewhere in this prospectus. Holders of trust preferred securities are urged to read this prospectus in its entirety.

Terms of the Exchange Offers

Upon the terms and subject to the conditions set forth in this prospectus and the related letter of transmittal, we are offering to exchange up to 180,200,000 shares of our common stock for up to all of our outstanding trust preferred securities validly tendered and not properly withdrawn prior to the Expiration Date.

For each Liquidation Amount of trust preferred securities we accept for exchange in accordance with the terms of the exchange offers, we will issue a number of shares of our common stock having a value (based on the Relevant Price) equal to the applicable Exchange Value plus, if the trust preferred securities have been tendered prior to the Early Tender Premium Deadline referred to below, the applicable Early Tender Premium Value. The number of shares of our common stock that we will issue for each Liquidation Amount of trust preferred securities we accept in the exchange offers which we call the "exchange ratio" for that exchange offer will be an amount (rounded down to four decimals) equal to (i) the value calculated pursuant to the preceding sentence divided by (ii) the Relevant Price. The "Relevant Price" is equal to the Average VWAP of our common stock for the five consecutive trading day period ending on and including the second trading day immediately preceding the Expiration Date, as it may be extended (we refer to such five-day period as the "Pricing Period" and the second trading day immediately preceding the Expiration Date as the "Pricing Date").

We will accept properly tendered trust preferred securities for exchange at the applicable exchange ratio determined as described above, on the terms and subject to the conditions of the exchange offers. We will return any trust preferred securities that are not accepted for exchange promptly following the Expiration Date of the exchange offer or, in the event of termination of the exchange offer, promptly after such termination.

Depending on the trading price of our common stock on the settlement date for the exchange offers compared to the Relevant Price described above, the market value of the common stock we issue in exchange for each Liquidation Amount of trust preferred securities we accept for exchange may be less than, equal to, or greater than the applicable Exchange Value or Total Exchange Value, as applicable, listed in the table on the cover page of this prospectus.

Early Tender Premium Deadline

In order to be eligible to receive the applicable Early Tender Premium Value listed on the cover page of this prospectus for each Liquidation Amount of trust preferred securities you tender, you must validly tender your trust preferred securities (and not subsequently withdraw them) by 5:00 p.m., Eastern Time, on May 17, 2010. The term "Early Tender Premium Deadline" means such date and time or, if the Early Tender

Premium Deadline is extended, the latest date and time to which the Early Tender Premium Deadline is so extended.

Expiration Date and
Withdrawal Rights

The exchange offers will expire at 11:59 p.m., Eastern Time, on June 1, 2010 (unless we extend this deadline or earlier terminate the exchange offer). The term "Expiration Date" means such date and time or, if the exchange offers are extended, the latest date and time to which the exchange offers are so extended. You may withdraw any trust preferred securities that you tender at any time prior to the Expiration Date by following the procedures described under the caption "Withdrawal of Tenders" on page 120 below.

Publication of Exchange Ratio Information	<p>Throughout the exchange offers, the indicative Average VWAP, the resulting indicative Relevant Price, and applicable indicative exchange ratios will be available at www.independentbank.com/exchangeoffers and from the Information Agent at the phone numbers listed on the back cover page of this prospectus. We will announce the final exchange ratios for the trust preferred securities (both for those tendered before the Early Tender Premium Deadline and those tendered after that deadline) by 9:00 a.m., Eastern Time, on the Announcement Date, and such final exchange ratios will also be available by that time at www.independentbank.com/exchangeoffers and from the Information Agent.</p>
Extensions; Waivers; Amendments; Termination	<p>Subject to applicable law, we reserve the right to (i) extend the Expiration Date, (ii) waive any and all conditions to or amend the exchange offers in any respect, and (iii) terminate the exchange offers if any of the conditions to our completion of the exchange offers is not satisfied by the Expiration Date. Any extension, waiver, amendment, or termination will be publicly announced as promptly as practicable. In the case of an extension, the public announcement will be issued no later than 9:00 a.m., Eastern Time, on the next business day after the last previously scheduled Expiration Date. See "Expiration Date; Extension; Termination; Amendment" on page 116 below.</p>
Conditions to the Exchange Offers	<p>Our obligation to exchange shares of our common stock for trust preferred securities in the exchange offers is not subject to any minimum tender condition.</p> <p>Our obligation to exchange shares of our common stock for trust preferred securities in the exchange offers is subject to a number of conditions that must be satisfied or, if permissible under applicable law, waived by us, including, among others that there must not have been any change or development that in our reasonable judgment may materially reduce the anticipated benefits to us of the exchange offers or that has had, or could reasonably be expected to have, a material adverse effect on us, our business, condition (financial or otherwise), or prospects.</p>
Settlement Date	<p>The "settlement date" for the exchange offers will be a date promptly following the Expiration Date. We currently expect the settlement date to be within three business days after the Expiration Date.</p> <p>On the settlement date, for each trust preferred security validly tendered, we will issue shares of common stock representing (i) the applicable Exchange Value to be issued in consideration for such trust preferred security, plus (ii) if such security was validly tendered and not withdrawn prior to the Early Tender Premium Deadline, the applicable Early Tender Premium Value. These shares will be delivered in accordance with the procedures described under "The Exchange Offers – Acceptance of Trust Preferred Securities for Purchase; Delivery of Common Stock" below.</p>
Fractional Shares	

We will not issue fractional shares of common stock in the exchange offers. Instead, the number of shares of our common stock received by each registered holder whose trust preferred securities are accepted for exchange in the exchange offers will be rounded down to the nearest whole number.

Procedures for Tendering Trust Preferred Securities

You may tender your trust preferred securities by transferring the trust preferred securities through ATOP or by following the other procedures set forth below and described in more detail under "The Exchange Offers Procedures for Tendering." If you are tendering trust preferred securities issued by Midwest Guaranty Trust I, you must contact the Exchange Agent at the phone numbers shown on the back cover page of this prospectus.

Any beneficial owner whose trust preferred securities are held of record by a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender trust preferred securities should contact such nominee promptly and instruct such nominee to tender trust preferred securities on such owner's behalf. In some cases, the nominee may request submission of such instructions on a beneficial owner's instruction form. Please check with your nominee to determine the procedures for such form.

You are urged to instruct your broker, dealer, commercial bank, trust company or other nominee at least five business days prior to the Expiration Date in order to allow adequate processing time for your instruction.

Should you have any questions as to the procedures for tendering your trust preferred securities, please call your broker, dealer, commercial bank, trust company or other nominee, or call our Information Agent, at its telephone number on the back cover page of this prospectus.

In order to validly tender your trust preferred securities in the exchange offers, you or your broker, dealer, commercial bank, trust company or other nominee must follow the procedures described under "The Exchange Offers Procedures for Tendering."

We are not providing for guaranteed delivery procedures and therefore you must allow sufficient time for the necessary tender procedures to be completed during normal business hours of DTC on or prior to the Expiration Date. Tenders not received by the Exchange Agent on or prior to the Expiration Date will be disregarded and of no effect.

United States Federal Income
Tax Considerations

Your exchange of trust preferred securities for shares of our common stock in the exchange offers will be treated as a recapitalization for U.S. federal income tax purposes. Therefore, you will not recognize any gain or loss upon consummation of the exchange offers. If you do not tender trust preferred securities in these exchange offers, you will likely be required to report "original issue discount" (OID) income as a result of our recent deferral of distributions on the trust preferred securities. This is true even though you have not received any cash distributions represented by such OID income. See "Material U.S. Federal Income Tax Consequences below."

Consequences of Failure to
Exchange

Trust Preferred Securities

If there is not a high level of participation in the exchange offers described in this prospectus, it may be difficult or impossible for us to complete the other initiatives described in our Capital Plan and ultimately to achieve the minimum capital ratios set forth in the Capital Plan. See "Risk Factors" and "The Exchange Offers Importance of the Exchange Offers" below for more information. The Treasury has conditioned our ability to compel an early conversion of the preferred stock it holds into shares of our common stock on the exchange of a minimum of \$40 million in aggregate Liquidation Amount of trust preferred securities in these exchange offers. If that minimum rate of participation is not reached and the Treasury otherwise refuses to voluntarily convert its shares of preferred stock into common stock in the near future, we believe it would be extremely difficult for us to raise enough cash proceeds in a stock offering for us to meet the objectives of our Capital Plan.

In that case, we would likely not be able to remain well-capitalized under federal regulatory standards and we would also expect our primary bank regulators to impose additional regulatory restrictions and requirements on us through a memorandum of understanding or other, more formal enforcement action. These consequences would likely have a material adverse effect on our business and the value of our securities and make it increasingly difficult for us to withstand the current economic conditions, any continued deterioration in our loan portfolio, or additional charges related to estimated potential losses for Mepco from vehicle service contract counterparty contingencies. In that case, we may be required to engage in a sale or other transaction with a third party or our subsidiary bank could be placed into receivership by bank regulators. Any such event could be expected to result in a loss of the entire value of our outstanding shares of common stock and could also result in a loss of the entire value of our outstanding trust preferred securities and preferred stock.

In addition, depending on the amount of trust preferred securities that are accepted for exchange in the exchange offers, the trading market for the trust preferred securities issued by IBC Capital Finance II (Nasdaq: IBCPO) that remain outstanding after the exchange offers may be more limited. A reduced trading volume may decrease the price and increase the volatility of the trading price of such trust preferred securities that remain outstanding following the exchange offers.

We have currently suspended all distributions on the trust preferred securities in accordance with their terms. We are unsure when distributions will resume. We have no plans to resume distributions in the foreseeable future.

Comparison of the Rights of
Common Stock and Trust
Preferred Securities

There are material differences between the rights of a holder of our common stock and a holder of the trust preferred securities. See "Comparison of Rights Between the Trust Preferred Securities and Our Common Stock."

Market Trading

Our common stock is currently traded on the Nasdaq GSM under the symbol "IBCP". The last reported closing price of our common stock on April 14, 2010, the last trading day prior to the date of this prospectus, was \$0.715 per share. We will file an application with the Nasdaq GSM to list the common stock to be issued in the exchange offers. The trust preferred securities issued by IBC Capital Finance II are listed for trading on the Nasdaq GSM under the symbol "IBCPO." The last reported closing price of these trust preferred securities on April 14, 2010, the last trading day prior to the date of this prospectus, was \$17.57 per share.

As noted above, our common stock is currently listed on the Nasdaq GSM. However, on December 21, 2009, we received a letter from The Nasdaq Stock Market notifying us that we no longer meet Nasdaq's continued listing requirements under Listing Rule 5450(a)(1) because the bid price for our common stock had closed below \$1.00 per share for 30 consecutive business days. We have until approximately June 21, 2010, to demonstrate compliance with this bid price rule by maintaining a minimum closing bid price of at least \$1.00 for a minimum of 10 consecutive business days. If we are unable to establish compliance with the bid price rule within such time period, our common stock will be subject to delisting from the Nasdaq GSM. However, in that event, we may be eligible for an additional grace period by transferring our common stock listing from the Nasdaq GSM to the Nasdaq Capital Market. This would require us to meet the initial listing criteria of the Nasdaq Capital Market, other than with respect to the minimum closing bid price requirement. If we are then permitted to transfer our listing to the Nasdaq Capital Market, we expect we would be granted an additional 180 calendar day period in which to demonstrate compliance with the minimum bid price rule. We have asked our shareholders to approve a reverse stock split at our annual meeting in April of 2010. If approved and implemented, this reverse stock split would likely have the effect of raising our stock price above the \$1.00 per share minimum; however, there is no assurance the price would be maintained at a level necessary for us to meet the bid price rule discussed above. Please see "Risk Factors" below.

Brokerage Commissions

You will not be required to pay brokerage commissions to the Dealer Manager, the Exchange Agent, the Information Agent, or us in connection with the exchange offers.

No Appraisal Rights

You will have no appraisal rights in connection with the exchange offers.

Dealer Manager

Stifel, Nicolaus & Company, Incorporated

Information Agent

D.F. King & Co., Inc.

Exchange Agent

D.F. King & Co., Inc.

RISK FACTORS

You should carefully consider the risks described below and all of the information contained in this prospectus before you decide whether to participate in the exchange offers.

RISKS RELATED TO OUR BUSINESS

Our results of operations, financial condition, and business may be materially and adversely affected if we are unable to successfully implement our Capital Plan.

Our Capital Plan, which is described in more detail under "The Exchange Offers - Capital Plan" below, contemplates three primary initiatives that have been or will be undertaken in order to increase our common equity capital, decrease our expenses, and enable us to withstand and better respond to current market conditions and the potential for worsening market conditions. Those three initiatives are the exchange offers described in this prospectus, a conversion of the Series A Preferred Stock held by the Treasury into shares of our common stock, and a public offering of our common stock for cash. We cannot be sure we will be able to successfully execute on these identified initiatives in a timely manner or at all. The successful implementation of our Capital Plan is, in many respects, largely out of our control and depends on factors such as the aggregate amount of trust preferred securities tendered in these exchange offers, and our ability to sell our common stock or other securities for cash. These factors, in turn, may depend on factors outside of our control such as the stability of the financial markets, other macro economic conditions, and investors' perception of the ability of the Michigan economy to recover from the current recession.

If we are unable to achieve the minimum capital ratios set forth in our Capital Plan in the near future, it would likely materially and adversely affect our business, financial condition, and the value of our securities. An inability to improve our capital position would make it very difficult for us to withstand continued losses that we may incur and that may be increased or made more likely as a result of continued economic difficulties and other factors, as described elsewhere in this "Risk Factors" section.

In addition, we believe that if we are unable to achieve the minimum capital ratios set forth in our Capital Plan by or within a reasonable time after June 30, 2010 and if our financial condition and performance otherwise fail to improve significantly, it is likely our subsidiary bank will not be able to remain well-capitalized under federal regulatory standards. In that case, we also expect our primary bank regulators would impose additional regulatory restrictions and requirements on us through a regulatory enforcement action. If our subsidiary bank fails to remain well-capitalized under federal regulatory standards, it will be prohibited from accepting or renewing brokered deposits without the prior consent of the FDIC, which would likely have a material adverse impact on our business and financial condition. If our regulators take enforcement action against us, it would likely increase our expenses and could limit our business operations, as described under "The Exchange Offers - Importance of the Exchange Offers"

below. There could be other expenses associated with a continued deterioration of our capital, such as increased deposit insurance premiums payable to the FDIC.

These additional restrictions would make it increasingly difficult for us to withstand the current economic conditions, any continued deterioration in our loan portfolio, or additional charges related to estimated potential losses for Mepco from vehicle service contract counterparty contingencies. In that case, we may be required to engage in a sale or other transaction with a third party or our subsidiary bank could be placed into receivership by bank regulators. Any such event could be expected to result in a loss of the entire value of our outstanding shares of common stock, including any common stock issued in exchange for trust preferred securities in these exchange offers, and could also result in a loss of the entire value of our outstanding trust preferred securities and preferred stock.

We will likely be unable to successfully implement our Capital Plan absent high participation in the exchange offer by holders of the trust preferred securities issued by IBC Capital Finance II (Nasdaq: IBCPO).

As described under "Exchange Offers Importance of the Exchange Offers" below, we believe we need to exchange a minimum of \$40 million in aggregate Liquidation Amount of trust preferred securities for common stock in these exchange offers in order for us to be able to achieve the objectives of our Capital Plan. Approximately 44% of the total outstanding trust preferred securities were issued by IBC Capital Finance III, IBC Capital Finance IV, and Midwest Guaranty Trust I, and are privately held by structured finance (or "pooling") vehicles, which funded the purchase of the trust preferred securities via the sale of collateralized debt obligations, or CDOs, backed by the purchased trust preferred securities. A pooling vehicle's decision whether to participate in an exchange offer, such as the exchange offers described in this prospectus, may be based upon considerations other than the individual merits of the specific exchange offer, including, for example, the terms of the pooling vehicle's governing documents, its investment policies, the liquidity of the new securities, its authority to participate in an exchange offer generally, and risks of litigation if it does participate. As a result, the pooling vehicles which currently hold trust preferred securities issued by IBC Capital Finance III, IBC Capital Finance IV, and Midwest Guaranty Trust I may be unable or unwilling to participate in the exchange offers described in this prospectus, including for reasons unrelated to the financial terms of the exchange offers. Based upon discussions between the Dealer Manager and the collateral managers of some of these pooling vehicles, we do not expect that they will participate, although offers are being made in this prospectus to these pooling vehicles to participate in the exchange offers.

As a result, holders of at least \$40 million aggregate Liquidation Amount of the trust preferred securities issued by IBC Capital Finance II (Nasdaq: IBCPO), or approximately 79.1% of the \$50.6 million aggregate liquidation amount outstanding, may need to participate in the exchange offer in order for us to meet certain conditions in our agreement with the Treasury. If we do not get this level of participation, the Treasury may determine in its sole discretion to waive this condition, but we have no reason to believe that Treasury would be willing to do so.

We have credit risk inherent in our asset portfolios, and our allowance for loan losses may not be sufficient to cover actual loan losses.

Our loan customers may not repay their loans according to their respective terms, and the collateral securing the payment of these loans may be insufficient to assure repayment. We have experienced and may continue to experience significant credit losses which could have a material adverse effect on our operating results. We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. In determining the size of the allowance for loan losses, we rely on our experience and our evaluation of current economic conditions. If our assumptions or judgments prove to be incorrect, our current allowance for loan losses may not be sufficient to cover certain loan losses inherent in our loan portfolio, and adjustments may be necessary to account for different economic conditions or adverse developments in our loan portfolio. Material additions to our allowance would adversely impact our operating results.

In addition, federal and state regulators periodically review our allowance for loan losses and may require us to increase our provision for loan losses or recognize additional loan charge-offs. Any increase in our allowance for loan losses or loan charge-offs required by these regulatory agencies could have a material adverse effect on our results of operations and financial condition.

Our business has been and may continue to be adversely affected by current conditions in the financial markets and economic conditions generally, and particularly by the continued economic slowdown in Michigan.

Our success depends to a great extent upon the general economic conditions in Michigan's Lower Peninsula. We have in general experienced a slowing economy in Michigan since 2001. Unlike larger banks that are more geographically diversified, we provide banking services to customers primarily in Michigan's Lower Peninsula. Our loan portfolio, the ability of the borrowers to repay these loans, and the value of the collateral securing these loans will be impacted by local economic conditions. The continued economic difficulties faced in Michigan has had and may continue to have many adverse consequences, including the following:

Loan delinquencies may increase;

Problem assets and foreclosures may increase;

Demand for our products and services may decline; and

Collateral for our loans may decline in value, in turn reducing customers' borrowing power and reducing the value of assets and collateral associated with existing loans.

Additionally, the overall capital and credit markets have been experiencing unprecedented levels of volatility and disruption during the past two years. In some cases, the markets have produced downward pressure on stock prices and credit availability for certain issuers without regard to those issuers' underlying financial strength. As a consequence of the U.S. recession, business activity across a wide range of industries faces serious difficulties due to the lack of consumer spending and the extreme lack of liquidity in the global credit markets. Unemployment has also increased significantly and may continue to increase. In particular, according to data published by the federal Bureau of Labor Statistics, Michigan's unemployment rate of nearly 15% is the worst among all states.

During the past year, the general business environment has continued to have an overall adverse effect on our business, and this environment is not expected to improve in the near term. Until conditions improve, we expect our businesses, financial condition and results of operations to continue to be adversely affected.

Current market developments, particularly in real estate markets, may adversely affect our industry, business and results of operations.

Dramatic declines in the housing market in recent years, with falling home prices and increasing foreclosures and unemployment, have resulted in, and may continue to result in, significant write-downs of asset values by us and other financial institutions. These write-downs have caused many financial institutions to seek additional capital, to merge with larger and stronger institutions and, in some cases, to fail. As a result of these conditions, many lenders and institutional investors have reduced, and in some cases, ceased to provide funding to borrowers including financial institutions.

This market turmoil and tightening of credit have led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, increased market volatility and widespread reduction of business activity generally. The resulting lack of available credit, lack of confidence in the financial sector, increased volatility in the financial markets and reduced business activity could materially and adversely affect our business, financial condition and results of operations.

Further negative market developments may continue to negatively affect consumer confidence levels and may continue to contribute to increases in delinquencies and default rates, which may impact our charge-offs and provisions for credit losses. A worsening of these conditions would likely exacerbate the adverse effects of these difficult market conditions on us and others in the financial services industry.

Recent events in the vehicle service contract industry have increased our credit risk and reputation risk and could expose us to significant losses.

One of our subsidiaries, Mepco Finance Corporation, is engaged in the business of acquiring (on a full recourse basis) and servicing payment plans for consumers who purchase vehicle service contracts and similar products. The receivables generated in this business involve a different, and generally higher, level of risk of delinquency or collection than generally associated with the loan portfolios of our bank. Upon cancellation of the payment plans acquired by Mepco (whether due to voluntary cancellation by the consumer or non-payment), the third party entities that provide the service contracts or other products to consumers become obligated to refund Mepco the unearned portion of the sales price previously funded by Mepco. The refund obligations of these counterparties are not fully secured.

In addition, several of these providers, including the counterparty described in the next risk factor below and other companies from which Mepco has purchased payment plans, have been sued or are under investigation for alleged violations of telemarketing laws and other consumer protection laws. The actions have been brought primarily by state attorneys general and the Federal Trade Commission (FTC) but there have also been class action and other private lawsuits filed. In some cases, the companies have been placed into receivership or have discontinued business. In addition, the allegations, particularly those relating to blatantly abusive telemarketing practices by a relatively small number of marketers, have resulted in a significant amount of negative publicity that has adversely affected and may in the future continue to adversely affect sales and customer cancellations of purchased products throughout the industry, which have already been negatively impacted by the economic recession. It is possible these events could also cause federal or state lawmakers to enact legislation to further regulate the industry.

These events have had and may continue to have an adverse impact on Mepco in several ways. First, we face increased risk with respect to certain counterparties defaulting in their contractual obligations to Mepco which could result in additional charges for losses if these counterparties go out of business. In 2009, we recorded a \$31.2 million charge related to estimated potential losses for vehicle service contract counterparty contingencies. We may incur similar charges in the future. Second, these events have negatively affected sales and customer cancellations in the industry, which has had and is expected to continue to have a negative impact on the profitability of Mepco's business. Largely as a result of these events, we wrote down all of the \$16.7 million of goodwill associated with Mepco that was being carried on our balance sheet. In addition, if any federal or state investigation is expanded to include finance companies such as Mepco, Mepco will face additional legal and other expenses in connection with any such investigation. An increased level of private actions in which Mepco is named as a defendant will also cause Mepco to incur additional legal expenses as well as potential liability. Finally, Mepco has incurred and will likely continue to incur additional legal and other expenses, in general, in dealing with these industry problems.

Mepco also faces unique operational and internal control challenges due to the relatively rapid turnover of its portfolio and high volume of new payment plans. Mepco's business is highly specialized, and its success will depend largely on the continued services of its executives and other key employees familiar with its business. In addition, because financing in this market is conducted primarily through relationships with unaffiliated automobile service contract direct marketers and administrators and because the customers are located nationwide, risk management and general supervisory oversight is generally more difficult than in our bank. The risk of third party fraud is also higher as a result of these factors. Acts of fraud are difficult to detect and deter, and we cannot assure investors that the risk management procedures and controls will prevent losses from fraudulent activity. Although we have an internal control system at Mepco, we may be exposed to the risk of significant loss in this business.

As of December 31, 2009, the net finance receivables held by Mepco represented approximately 13.7% of our consolidated assets.

Mepco has significant exposure to a single counterparty that recently filed bankruptcy. The failure of this counterparty is likely to have a material adverse effect on our financial condition and results of operations.

Over 40% of Mepco's current outstanding receivables were purchased from a single counterparty. Beginning in the second half of 2009, this counterparty experienced decreased sales (and ceased all new sales in December 2009) and significantly increased levels of customer cancellations. Customer cancellations trigger an obligation of this counterparty to us to repay the unearned portion of the sales price for the payment plan previously advanced by us to the counterparty. In addition, this counterparty is subject to a multi-state attorney general investigation regarding certain of the counterparty's business practices and multiple civil lawsuits. These events have increased costs for the counterparty, putting further pressure on its cash flow and profitability. This counterparty filed for bankruptcy on March 1, 2010.

Mepco is actively working to reduce its credit exposure to this counterparty. The amount of payment plans (finance receivables) purchased from this counterparty and outstanding at December 31, 2009 totaled approximately \$206.1 million (this amount had been reduced to \$147.4 million at March 31, 2010). In addition, as of December 31, 2009, this counterparty owed Mepco \$16.2 million for previously cancelled payment plans. The bankruptcy filing by this counterparty is likely to lead to substantial potential losses as this entity will not be in a position to honor its recourse obligations on payment plans that Mepco has purchased which are cancelled prior to payment in full. Mepco will seek to recover amounts owed by the counterparty from various co-obligors and guarantors and through the liquidation of certain collateral held by Mepco. However, we are not certain as to the amount of any such recoveries. In 2009, Mepco recorded an aggregate \$19.0 million expense (as part of vehicle service contract counterparty contingencies that is included in non-interest expense) to establish a reserve for losses related to this counterparty. In calculating the amount of such reserve, we took into account the significant likelihood that the counterparty would file for bankruptcy protection. As a result, we currently do not expect to increase the amount of our reserve as a result of the bankruptcy filing. However, in connection with the bankruptcy filing, Mepco committed to provide financing to the counterparty of up to an aggregate of approximately \$3 million. This was done as part of Mepco's overall efforts to minimize the loss associated with this counterparty. We believe the orderly wind-down of the counterparty's business is critical as it allows the counterparty to continue providing customer service to consumers who purchased vehicle service contracts from the counterparty.

In calculating the amount of the reserve related to the failure of this counterparty, we made a number of assumptions regarding, among other things, the cancellation rates for outstanding payment plans, the value of and our ability to collect certain collateral securing the amounts owed to Mepco, and our success in recovering amounts owed from various co-obligors and guarantors. These assumptions are difficult to make, largely because of the significant size of the potential loss and the fact that Mepco does not routinely need to take these types of collection actions in the ordinary course of its business. If any one or more of our assumptions prove to be incorrect in any material respect, our actual loss with respect to this counterparty could be greater than the amount reserved, which would result in additional losses.

Mepco has historically contributed a meaningful amount of profit to our consolidated results of operations, but we expect the size of its business to shrink significantly beginning in 2010.

For 2008 and 2007, Mepco had net income of \$10.7 million and \$5.5 million, respectively. With the counterparty losses experienced by Mepco late in 2009 (including those related to the counterparty described above) and a \$16.7 million goodwill impairment charge, Mepco incurred an \$11.7 million loss in 2009. As of December 31, 2009, the net finance receivables held by Mepco represented approximately 13.7% of our consolidated assets. However, as a result of the loss of business with the counterparty described above as well as our desire to reduce finance receivables as a percentage of total assets, we expect Mepco's total earning assets to decrease by approximately 50% in 2010. As a result, the reduction in the size of Mepco's business will adversely affect our financial results and make it more difficult for us to be profitable on a consolidated basis in the near future.

We face uncertainty with respect to efforts by the federal government to help stabilize the U.S. financial system.

Beginning in the fourth quarter of 2008, the federal government enacted new laws intended to strengthen and restore confidence in the U.S. financial system. See "Business Regulatory Developments" below for additional information regarding these developments. There can be no assurance, however, as to the actual impact that such programs will have on the financial markets, including the extreme levels of volatility and limited credit availability currently being experienced. The failure of these and other programs to stabilize the financial markets and a continuation or worsening of current financial market conditions could materially and adversely affect our businesses, financial condition, results of operations, access to credit or the trading price of our common stock.

In addition, these statutes are relatively new initiatives and, as such, are subject to change and evolving interpretation. There can be no assurances as to the effects that any such changes will have on the effectiveness of the federal government's efforts to stabilize the credit markets or on our business, financial condition or results of operations. These federal initiatives could involve regulatory changes that may have an adverse impact on our business.

We have credit risk inherent in our securities portfolio.

We maintain diversified securities portfolios, which include obligations of the Treasury and government-sponsored agencies as well as securities issued by states and political subdivisions, mortgage-backed securities, and asset-backed securities. We also invest in capital securities, which include preferred stocks and trust preferred securities. We seek to limit credit losses in our securities portfolios by generally purchasing only highly rated securities (rated "AA" or higher by a major debt rating agency) or by conducting significant due diligence on the issuer for unrated securities. However, we may, in the future, experience additional losses in our securities portfolio which may result in charges that could materially adversely affect our results of operations.

Our mortgage-banking revenues are susceptible to substantial variations dependent largely upon factors that we do not control, such as market interest rates.

A meaningful portion of our revenues are derived from gains on the sale of real estate mortgage loans. For 2009, these gains represented over 4% of our total revenues. These net gains primarily depend on the volume of loans we sell, which in turn depends on our ability to originate real estate mortgage loans and the demand for fixed-rate obligations and other loans that are outside of our established interest-rate risk parameters. Net gains on real estate mortgage loans are also dependent upon economic and competitive factors as well as our ability to effectively manage exposure to changes in interest rates. Consequently, they can often be a volatile part of our overall revenues.

Fluctuations in interest rates could reduce our profitability.

We realize income primarily from the difference between interest earned on loans and investments and the interest paid on deposits and borrowings. Our interest income and interest expense are affected by general economic conditions and by the policies of regulatory authorities. While we have taken measures intended to manage the risks of operating in a changing interest rate environment, there can be no assurance that these measures will be effective in avoiding undue interest rate risk. We expect that we will periodically experience "gaps" in the interest rate sensitivities of our assets and liabilities, meaning that either our interest-bearing liabilities will be more sensitive to changes in market interest rates than our interest-earning assets, or vice versa. In either event, if market interest rates should move contrary to our position, this "gap" will work against us, and our earnings may be negatively affected.

We are unable to predict fluctuations of market interest rates, which are affected by, among other factors, changes in the following:

- inflation or deflation rates;
- levels of business activity;
- recession;
- unemployment levels;
- money supply;
- domestic or foreign events; and
- instability in domestic and foreign financial markets.

Changes in accounting standards could impact our reported earnings.

Financial accounting and reporting standards are periodically changed by the Financial Accounting Standards Board (FASB), the SEC, and other regulatory authorities. Such changes affect how we are required to prepare and report our consolidated financial statements. These changes are often hard to predict and may materially impact our reported financial condition and results of operations. In some cases, we may be required to apply a new or revised standard retroactively, resulting in the restatement of prior period financial statements.

Our operations may be adversely affected if we are unable to secure adequate funding. Our use of wholesale funding sources exposes us to liquidity risk and potential earnings volatility.

We rely on wholesale funding, including Federal Home Loan Bank borrowings, brokered deposits, and Federal Reserve Bank borrowings, to augment our core deposits to fund our business. As of December 31, 2009, our use of such wholesale funding sources amounted to approximately \$760 million. Because wholesale funding sources are affected by general market conditions, the availability of funding from wholesale lenders may be dependent on the confidence these investors have in our commercial and consumer banking operations. The continued availability to us of these funding sources is uncertain, and brokered deposits may be difficult for us to retain or replace at attractive rates as they mature. Our liquidity will be constrained if we are unable to renew our wholesale funding sources or if adequate financing is not available in the future at acceptable rates of interest or at all. We may not have sufficient liquidity to continue to fund new loans, and we may need to liquidate loans or other assets unexpectedly, in order to repay obligations as they mature.

In addition, if we fail to remain "well-capitalized" under federal regulatory standards, which is likely if we are unable to successfully implement our Capital Plan (as discussed under "Importance of the Exchange Offers" on page 113 below), we will be prohibited from accepting or renewing brokered deposits without the prior consent of the FDIC. As of December 31, 2009, we had brokered deposits of approximately \$629 million. As a result, any such restrictions on our ability to access brokered deposits is likely to have a material adverse impact on our business and financial condition.

Moreover, we cannot be sure that we will be able to maintain our current level of core deposits. Our deposit customers could move their deposits in reaction to media reports about bank failures in general (as discussed in a separate Risk Factor below) or in reaction to negative publicity we may receive as a result of the pursuit of our capital raising initiatives or, particularly, if we are unable to successfully complete such initiatives. A reduction in core deposits would increase our need to rely on wholesale funding sources, at a time when our ability to do so may be more restricted, as described above.

Our financial performance will be materially affected if we are unable to maintain our access to funding or if we are required to rely more heavily on more expensive funding sources. In such case, our net interest income and results of operations would be adversely affected.

We rely heavily on our management team, and the unexpected loss of key managers may adversely affect our operations and the ability to implement our Capital Plan.

The continuity of our operations is influenced strongly by our ability to attract and to retain senior management experienced in banking and financial services. Our ability to retain executive officers and the current management teams of each of our lines of business will continue to be important to successful implementation of our Capital Plan and our strategies. We do not have employment or non-compete agreements with any of these key employees. In

addition, we face restrictions on our ability to compensate our executives as a result of our participation in the Treasury's Capital Purchase Program under the Troubled Asset Relief Program. Many of our competitors do not face these same restrictions. The unexpected loss of services of any key management personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business and financial results.

Competition with other financial institutions could adversely affect our profitability.

We face vigorous competition from banks and other financial institutions, including savings banks, finance companies, and credit unions. A number of these banks and other financial institutions have substantially greater resources and lending limits, larger branch systems, and a wider array of banking services. To a limited extent, we also compete with other providers of financial services, such as money market mutual funds, brokerage firms, consumer finance companies, and insurance companies, which are not subject to the same degree of regulation as that imposed on bank holding companies. As a result, these non-bank competitors may have an advantage over us in providing certain services, and this competition may reduce or limit our margins on banking services, reduce our market share, and adversely affect our results of operations and financial condition.

Our current capital position and the tough economic climate in Michigan will make future growth in the near term very challenging.

We have recently taken certain actions to deleverage our balance sheet, which has had and is expected to continue to have an adverse impact on our net interest income. Although we have also undertaken actions intended to reduce our expenses and continue to do so, we may not be able to reduce our expenses on a basis commensurate with the reduction in our net interest income, which causes a negative impact on our financial results. In addition, even if we are successful in raising additional capital through the initiatives described in our capital plan, our ability to achieve future growth in the near term will be very challenging in the current economic environment in Michigan.

We operate in a highly regulated environment and may be adversely affected by changes in federal and local laws and regulations.

We are generally subject to extensive regulation, supervision, and examination by federal and state banking authorities. The burden of regulatory compliance has increased under current legislation and banking regulations and is likely to continue to have a significant impact on the financial services industry. Recent legislative and regulatory changes as well as changes in regulatory enforcement policies and capital adequacy guidelines are likely to increase our cost of doing business. In addition, future legislative or regulatory changes could have a substantial impact on us and our bank and their operations. Additional legislation and regulations may be enacted or adopted in the future that could significantly affect our powers, authority, and operations, increase our costs of doing business and, as a result, give an advantage to our competitors who may not be subject to similar legislative and regulatory requirements. Further, regulators have significant discretion and power to prevent or remedy unsafe or unsound practices or violations of laws by banks and bank holding companies in the performance of their supervisory and enforcement duties. The exercise of regulatory power may have a negative impact on our results of operations and financial condition.

There have been numerous media reports about bank failures, which we expect will continue as additional banks fail. These reports have created concerns among certain of our customers, particularly those with deposit balances in excess of deposit insurance limits.

We have proactively sought to provide appropriate information to our deposit customers about our organization in order to retain our business and deposit relationships. The outflow of significant amounts of deposits could have an adverse impact on our liquidity and results of operations.

RISKS RELATED TO OUR EFFORTS TO RAISE CAPITAL

If successful, the initiatives set forth in our Capital Plan will be highly dilutive to our common shareholders.

Our Capital Plan contemplates capital raising initiatives that involve the issuance of a significant number of shares of our common stock. You should read "The Exchange Offers Capital Plan" and "Capitalization" below for more information. The completion of any of these capital raising transactions will be highly dilutive to our common shareholders, including participants in the exchange offers. The market price of our common stock could decline as a result of the dilutive effect of the exchange offers or other capital raising transactions we may enter into or the perception that such transactions could occur.

The capital raising initiatives we are pursuing could result in the Treasury or one or more private investors owning a significant percentage of our stock and having the ability to exert significant influence over our management and operations.

One of the primary capital raising initiatives set forth in our Capital Plan consists of the conversion of the preferred stock held by the Treasury into shares of our common stock. As described under "Exchange Offers Exchange Offer With the U.S. Treasury" below, we have entered into an Exchange Agreement with the Treasury. Pursuant to this Exchange Agreement, we expect within the next 30 days to issue new shares of Series B Convertible Preferred Stock to the Treasury in exchange for the outstanding shares of Series A Preferred Stock held by the Treasury. The Series B Convertible Preferred Stock to be issued will be convertible into shares of our common stock. There are various circumstances under which such shares would be convertible into common, as described in "Exchange Offers Exchange Offer With the U.S. Treasury" below. As a result, the number of shares that would be issued to the Treasury upon conversion depends on a number of factors. However, any such conversion is likely to result in the Treasury owning a significant percentage of our outstanding common stock, perhaps over 50%.

It is also possible that one or more large investors, other than the Treasury, could end up as the owner of a significant portion of our common stock. This could occur, for example, if the Treasury transfers shares of the Series B Convertible Preferred Stock we expect to issue to Treasury or, upon conversion of such stock, transfers to a third party the common stock issued upon conversion. It could also occur if one or more large investors makes a significant investment in our common stock in the public offering of our common stock we currently intend to conduct upon completion of the exchange offers described in this prospectus.

Any such significant shareholder could exercise significant influence on matters submitted to our shareholders for approval, including the election of directors. In addition, having a significant shareholder could make future transactions more difficult or even impossible to complete without the support of such shareholder, whose interests may not coincide with interests of smaller shareholders. These possibilities could have an adverse effect on the market price of our common stock.

It is possible that one or more of the initiatives set forth in our Capital Plan could trigger an ownership change that will negatively affect our ability to utilize net operating loss carryforwards and other deferred tax assets in the future.

As of December 31, 2009, we had federal net operating loss carryforwards of approximately \$42.8 million, and such amount may grow significantly prior to the Expiration Date. Under federal tax law, our ability to utilize these carryforwards and other deferred tax assets is limited if we are deemed to experience a change of ownership. This would result in our loss of the benefit of these deferred tax assets. Please see the more detailed discussion of these tax rules under "Capitalization," beginning on page 41 below. We anticipate it is likely that we will experience a change of ownership under these rules as a result of our pursuit of the capital initiatives set forth in our Capital Plan.

RISKS RELATED TO THE MARKET PRICE AND VALUE OF THE COMMON STOCK OFFERED

Although the number of shares of our common stock offered in the exchange offers will be determined based on the Average VWAP of our common stock during the Pricing Period, the market price of our common stock may fluctuate. As a result, the market price of the common stock upon settlement of the exchange offers could be less than the Relevant Price used to determine the number of shares of common stock issued in exchange for trust preferred securities accepted for exchange.

The number of shares of common stock issued in exchange for trust preferred securities tendered in the exchange offers will be determined based on the Average VWAP of our common stock during the Pricing Period and will not be adjusted regardless of any increase or decrease in the market price of the common stock or the trust preferred securities between the Expiration Date of the exchange offers and the settlement date. Therefore, the market price of the common stock at the time you receive your shares of common stock on the settlement date could be significantly

less than the price used to determine the number of shares of common stock you will receive. The market price of our common stock has recently been subject to significant fluctuations and volatility.

The trading price of our common stock may be subject to continued significant fluctuations and volatility.

The market price of our common stock could be subject to significant fluctuations due to, among other things:

announcements regarding significant transactions in which we may engage, including these exchange offers and the other capital raising initiatives that are part of our Capital Plan;

market assessments regarding such transactions, including the timing, terms, and likelihood of success of these exchange offers;

operating results that vary from the expectations of management, securities analysts, and investors, including with respect to further loan losses we may incur;

changes or perceived changes in our operations or business prospects;

legislative or regulatory changes affecting our industry generally or our businesses and operations;

the failure of general market and economic conditions to stabilize and recover, particularly with respect to economic conditions in Michigan, and the pace of any such stabilization and recovery;

the possible delisting of our common stock from Nasdaq or perceptions regarding the likelihood of such delisting;

the operating and share price performance of companies that investors consider to be comparable to us;

future offerings of debt, preferred stock, or additional trust preferred securities, each of which would be senior to our common stock upon liquidation and for purposes of dividend distributions; and

other changes in global financial markets, economies, and market conditions, such as interest or foreign exchange rates, stock, commodity, credit or asset valuations or volatility.

Stock markets in general, and our common stock in particular, have experienced significant volatility over approximately the past two years, and continue to experience significant price and volume volatility. As a result, the market price of our common stock may continue to be subject to similar market fluctuations that may or may not be related to our operating performance or prospects. Increased volatility could result in a decline in the market price of our common stock.

In addition, we have proposed that our shareholders approve a 1-for-10 reverse stock split at the annual meeting of shareholders to be held in April of 2010. If approved and implemented, such reverse stock split would likely have a significant effect on the market price of our common stock. The primary objective of the reverse stock split is to raise the per share trading price of the Company's common stock sufficiently above the \$1.00 minimum bid price requirement discussed in the next risk factor; however, there is no assurance our shareholders will authorize the reverse stock split or, if authorized and made effective, that the reverse stock split will result in our ability to comply or thereafter maintain compliance with the Nasdaq minimum bid price rule.

We urge you to obtain current market quotations for our common stock when you consider the exchange offers.

Our common stock could be delisted from Nasdaq.

Our common stock is currently listed on the Nasdaq GSM. However, on December 21, 2009, we received a letter from The Nasdaq Stock Market notifying us that we no longer meet Nasdaq's continued listing requirements under Listing Rule 5450(a)(1) because the bid price for our common stock had closed below \$1.00 per share for 30 consecutive business days. We have until approximately June 21, 2010, to demonstrate compliance with this bid price rule by maintaining a minimum closing bid price of at least \$1.00 for a minimum of 10 consecutive business days. If we are unable to establish compliance with the bid price rule within such time period, our common stock will be subject to delisting from the Nasdaq GSM. However, in that event, we may be eligible for an additional grace period by transferring our common stock listing from the Nasdaq GSM to the Nasdaq Capital Market. This would require us to meet the initial listing criteria of the Nasdaq Capital Market, other than with respect to the minimum closing bid price requirement. If we are then permitted to transfer our listing to the Nasdaq Capital Market, we expect we would be granted an additional 180 calendar day period in which to demonstrate compliance with the minimum bid price rule.

The delisting of our common stock from Nasdaq, whether in connection with the foregoing or as a result of our future inability to meet any listing standards, would have an adverse effect on the liquidity of our common stock and, as a result, the market price of our common stock might become more volatile. Even the perception that our common stock may be delisted could affect its liquidity and market price. Delisting could also make it more difficult to raise additional capital.

If our common stock is delisted from the Nasdaq, it is likely that quotes for our common stock would continue to be available on the OTC Bulletin Board or on the "Pink Sheets." However, these alternatives are generally considered to be less efficient markets and it is likely that the liquidity of our common stock as well as our stock price would be adversely impacted as a result.

One of the proposals to be considered and voted upon at our annual meeting of shareholders in April of 2010 is a proposal to amend our Articles of Incorporation to effect a one 1-for-10 reverse split of our common stock. The primary objective of the reverse stock split is to raise the per share trading price of the Company's common stock sufficiently above the \$1.00 minimum bid price requirement for continued listing on The Nasdaq GSM. There can be no assurance our shareholders will authorize this amendment to our Articles of Incorporation or, if authorized and made effective, that the reverse stock split will result in our ability to comply or thereafter maintain compliance with the Nasdaq minimum bid price rule.

RISKS RELATED TO THE RIGHTS OF OUR COMMON STOCK COMPARED TO THE RIGHTS OF THE TRUST PREFERRED SECURITIES

The value of the common stock being offered in these exchange offers is lower than the Liquidation Amount of the trust preferred securities you would be tendering in exchange for the common stock.

We are offering to exchange for outstanding trust preferred securities newly issued shares of our common stock having a value equal to only 80% (or 85% if the trust preferred securities are validly tendered before the Early Premium Tender Deadline and not subsequently withdrawn) of the Liquidation Amount of the trust preferred securities tendered for exchange, plus a number of shares of common stock equal to the amount of accrued and unpaid dividends on such trust preferred securities through May 31, 2010. In addition, depending on the market value of our common stock on the settlement date of the exchange offers, the value of shares of common stock you receive could represent an even lower percentage of the Liquidation Amount of trust preferred securities you are surrendering.

All of the trust preferred securities that remain outstanding after the exchange offers will have priority over our common stock with respect to payment in the event of a liquidation, dissolution, or winding-up and with respect to the payment of dividends.

In any liquidation, dissolution or winding-up of IBC, our outstanding shares of common stock would rank below all debt claims against us and claims of all of our outstanding shares of preferred stock and other senior equity securities, including the trust preferred securities that are not exchanged for common stock in the exchange offers described in this prospectus. As a result, holders of our common stock, including holders of trust preferred securities whose securities are accepted for exchange in the exchange offers, will not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution or winding-up of IBC until after all our obligations to our debt holders have been satisfied and holders of senior equity securities have received any payment or distribution due to them.

If we engage in any sale transaction or business combination after completion of these exchange offers, trust preferred securities not tendered for exchange may have a greater value than the shares of common stock to be received in the exchange offers.

We do not currently intend to engage in any sale of our business or similar transaction. However, if we were to do so after completion of these exchange offers (which could be required if we are unable to successfully implement our Capital Plan, as discussed above in this "Risk Factors" section), the successor to our business would be required to assume all obligations on our outstanding trust preferred securities, including the obligation to make quarterly payments. The value of such trust preferred securities at that time may be greater than the value of the shares of our common stock you would receive if you tendered your trust preferred securities in these exchange offers. We currently believe, however, that such a sale transaction or other business combination is unlikely, due to current market conditions and due in part to the financial burden to any such acquirer associated with assuming all of the obligations with respect to our trust preferred securities.

Future offerings of debt, preferred stock, or additional trust preferred securities, each of which would be senior to our common stock upon liquidation and for purposes of dividend distributions, may adversely affect the market price of our common stock.

We may attempt to increase our capital resources, or we or our banking subsidiary could be forced by federal and state bank regulators to raise additional capital, by making additional offerings of debt or preferred equity securities, including medium-term notes, trust preferred securities, senior or subordinated notes and preferred stock. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will receive distributions of our available assets prior to the holders of our outstanding shares of common stock. Additional equity offerings may dilute the holdings of our existing shareholders or reduce the market price of our common stock, or both. Holders of our common stock are not entitled to preemptive rights or other protections against dilution.

Our board of directors is authorized to issue one or more classes or series of preferred stock from time to time without any action on the part of the shareholders. Our board of directors also has the power, without shareholder approval, to set the terms of any such classes or series of preferred stock that may be issued, including voting rights, dividend rights, and preferences over our common stock with respect to dividends or upon our dissolution, winding-up and liquidation and other terms. Therefore, if we issue preferred stock in the future that has a preference over our common stock with respect to the payment of dividends or upon our liquidation, dissolution, or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of holders of our common stock or the market price of our common stock could be adversely affected.

Holders of trust preferred securities that participate in the exchange offers are giving up their right to future distributions on the trust preferred securities.

If you tender your trust preferred securities and these securities are accepted by us for exchange in the exchange offers, you will be giving up your right to any future distribution payments that are paid on the trust preferred securities on or after the Expiration Date. We have currently exercised our right to defer quarterly payments on all outstanding trust preferred securities. At this time, we are unable to state with any degree of certainty if or when we may resume quarterly distributions on the trust preferred securities that are not exchanged for shares of our common stock in these exchange offers. We do not currently intend to resume such payments in the foreseeable future. Pursuant to the documents governing the rights of the outstanding trust preferred securities, we will effectively be considered in default of the trust preferred securities and the related Underlying Debentures if we defer quarterly distributions for more than 20 consecutive quarterly periods. If we resume quarterly payments on our trust preferred securities in the future, we will be required to pay all accrued but unpaid distributions, including those distributions currently being deferred. By participating in the exchange offers, you will be giving up any right to receive any such distributions.

You may not receive dividends on the shares of common stock you receive in exchange for your trust preferred securities.

Holders of our common stock are only entitled to receive such dividends as our board of directors may declare out of funds legally available for such payments. We are currently prohibited from paying any cash dividends on our common stock. Even when such prohibitions end (which we do not expect to occur in the near term), there are restrictions on our ability to pay cash dividends that will likely continue to materially limit our ability to pay cash dividends. We cannot provide any assurances of when we may pay cash dividends in the future. Furthermore, our common shareholders are subject to the prior dividend rights of any holders of our preferred stock. See "Dividend Policy" below for more information.

Our Articles of Incorporation as well as certain banking laws may have an anti-takeover effect.

Provisions of our Articles of Incorporation and certain federal banking laws, including regulatory approval requirements, could make it more difficult for a third party to acquire us, even if doing so would be perceived to be beneficial to our shareholders. The combination of these provisions may inhibit a non-negotiated merger or other business combination, which, in turn, could adversely affect the market price of our common stock.

RISKS RELATED TO NOT PARTICIPATING IN THE EXCHANGE OFFERS

If we do not realize a high level of participation in these exchange offers, it is likely we will be unable to implement our Capital Plan, which could result in a loss of all or substantially all of the value of your trust preferred securities.

As described in more detail under "Importance of the Exchange Offers" beginning on page 113 below, we view these exchange offers as a critical step toward achieving the objectives of our Capital Plan. If there is not a high level of participation in these exchange offers, it may not be possible for us to meet the objectives of our Capital Plan. We need trust preferred securities with a minimum aggregate Liquidation Amount of \$40 million to be tendered and accepted for exchange in these exchange offers in order for us to meet a required condition of being able to convert the preferred stock held by the Treasury into our common stock in the near future, which is another critical component of our Capital Plan. If we fail to realize the objectives of our Capital Plan, our ability to withstand continued adverse economic conditions could be materially and adversely affected.

As described above, we do not anticipate participation in the exchange offers by the pooling vehicles that hold approximately 44% of the outstanding trust preferred securities. Thus, a high level of participation by the holders of the publicly-traded trust preferred securities issued by IBC Capital Finance II (Nasdaq: IBCPO), or approximately 79.1% of the \$50.6 million aggregate Liquidation Amount outstanding, may be necessary for our Capital Plan to be

successful.

We do not know if or when we will resume quarterly payments on our trust preferred securities.

Beginning in the fourth quarter of 2009, we exercised our right to defer quarterly interest payments on the Underlying Debentures held by each of the Trusts and, as a result, the Trusts were required to defer quarterly distributions to holders of outstanding trust preferred securities. We exercised this right in order to preserve our capital and reduce our interest expense. As described elsewhere in this prospectus, although we are pursuing several initiatives to increase our capital base, we expect to continue to face challenges in the near term in operating our business and resuming profitability. In addition, as described under "The Exchange Offers - Capital Plan" below, we are currently prohibited from paying quarterly dividends on our trust preferred securities without the prior consent of our federal and state bank regulators. As a result, we expect to continue to defer quarterly payments on the Underlying Debentures and the related trust preferred securities for the foreseeable future. We do not know if or when such payments will resume.

As long as quarterly payments on the trust preferred securities are deferred, you will likely have taxable "original issue discount" (OID) income even though you are not receiving cash distributions on the trust preferred securities.

There are complicated federal tax rules that apply when payments on instruments such as the trust preferred securities are deferred. These tax rules require the holder of the security to report a portion of the deferred quarterly payments as taxable income even though they are not receiving any cash distributions because of the deferral. For each year that we continue to exercise our right to defer payments on the trust preferred securities, you will be receiving IRS Form 1099-OID to reflect OID income that you should report to the IRS, and a copy of each IRS Form 1099-OID will be provided to the IRS annually. Failure to report taxable income, including OID, can subject taxpayers to penalties. See "Material U.S. Federal Income Tax Consequences" below for more information. Because these rules are complicated, we urge you to consult a competent tax advisor.

The trust preferred securities issued by IBC Capital Finance II may be delisted from Nasdaq.

As described above, we are at risk of having our common stock delisted from the Nasdaq GSM. If our common stock is delisted from Nasdaq, it would mean the trust preferred securities issued by IBC Capital Finance II (Nasdaq: IBCPO) would also be delisted. The delisting of these trust preferred securities from Nasdaq would have an adverse effect on the liquidity of such securities.

If the exchange offers are successful, there may be a limited or no trading market for the trust preferred securities issued by IBC Capital Finance II (Nasdaq: IBCPO) and the market price for such trust preferred securities may be depressed.

Depending on the amount of trust preferred securities that are accepted for exchange in the exchange offers, the trading market for the trust preferred securities issued by IBC Capital Finance II (Nasdaq: IBCPO) that remain outstanding after the exchange offers may be more limited. A reduced trading volume may decrease the price and increase the volatility of the trading price of such trust preferred securities that remain outstanding following the exchange offers.

ADDITIONAL RISKS RELATED TO THE EXCHANGE OFFERS

We have not obtained a third-party determination that the exchange offers are fair to holders of the trust preferred securities.

Neither we, the trustees of any of our trust subsidiaries, the Dealer Manager, the Exchange Agent, the Information Agent, nor anyone else is making a recommendation as to whether you should exchange all or any portion of your trust preferred securities in the exchange offers. We have not retained, and do not intend to retain, any unaffiliated representative to act on behalf of the holders of the trust preferred securities for purposes of negotiating the exchange offers or preparing a report concerning the fairness of the exchange offers. You must make your own independent decision regarding your participation in the exchange offers.

Failure to complete the exchange offers successfully could negatively affect the price of our common stock.

Several conditions must be satisfied or, if permissible under applicable law, waived in order to complete the exchange offers, including those described below under "The Exchange Offers Conditions of the Exchange Offers." One or more of these conditions may not be satisfied, and if not satisfied or waived (where permissible), the exchange offers may not occur or may be delayed. If the exchange offers are not completed or are delayed, we may be subject to the

following material risks:

the market price of our common stock may decline to the extent that the current market price of our common stock reflects a market assumption that the exchange offers have been or will be completed;

the market price of our trust preferred securities may decline to the extent that the current market price of such trust preferred securities reflects a market assumption that the applicable exchange offers have been or will be completed;

we may not be able to increase our Tier 1 common equity by an amount that may be necessary to keep us well capitalized in the near term; and

our ability to successfully implement the other capital raising initiatives set forth in our Capital Plan may be adversely affected. For example, we believe our chances of being successful in raising additional equity through the sale of shares of our common stock increases with increased participation in these exchange offers.

Holders of a significant Liquidation Amount of trust preferred securities who participate in the exchange offers could become subject to regulatory restrictions on ownership of our common stock.

Under the federal Change in Bank Control Act, a person may be required to obtain prior approval from the FRB before acquiring the power to direct or indirectly control the management, operations, or policy of our Company or before acquiring 10% or more of our common stock. As a result, holders of a significant amount of trust preferred securities who seek to participate in the exchange offers should evaluate whether they could become subject to the approval and other requirements of this federal statute.

FORWARD-LOOKING STATEMENTS

Discussions and statements in this prospectus that are not statements of historical fact, including, without limitation, statements that include terms such as "will," "may," "should," "believe," "expect," "anticipate," "estimate," "project," "intend," and "plan," and statements about future financial and operating results, plans, objectives, expectations, and intentions and other statements that are not historical facts, are forward-looking statements. Forward-looking statements express management's current expectations, forecasts of future events, or long-term goals and, by their nature, are subject to assumptions, risks, and uncertainties. Although management believes that the expectations, forecasts, and goals reflected in these forward-looking statements are reasonable, actual results could differ materially for a variety of reasons, including the risks and uncertainties detailed under "Risk Factors" set forth above. The key risks are summarized as follows:

If we are unable to successfully raise new equity capital and otherwise implement our capital restoration plan, it will be extremely difficult for us to withstand current economic conditions and any further deterioration in our loan portfolio;

Future loan losses could exceed the reserves we maintain for such losses;

Economic conditions in Michigan are worse in many cases than national economic conditions and the ability of the Michigan economy to recover, and the pace of such recovery, is expected to have a material impact on our future financial success;

Conditions in regional and local real estate markets are expected to have a material impact on our future financial success;

Current turmoil in the vehicle service contract industry has increased the credit risk and reputation risk for our subsidiary, Mepco Finance Corporation, have led and may continue to lead to significant losses for Mepco, and will contribute to a decrease in the average earning assets of Mepco, which has historically operated at a profit and decreased the size of the losses we have incurred in recent periods;

Legislative and regulatory changes could increase our expenses, decrease our income, and otherwise have a negative impact on our results of operations;

Our use of wholesale funding sources exposes us to liquidity risk and potential earnings volatility;

The continued services of our management team are critical as we work through our asset quality issues and the implementation of our capital restoration plan, yet our ability to compensate our executives is subject to restrictions that do not apply to many of our competitors;

Media reports regarding ongoing bank failures and any negative publicity regarding our capital position could result in our loss of core deposits;

Our capital raising initiatives will result in significant dilution to our current shareholders;

Implementation of our capital plan could result in the Treasury or another large investor owning a significant percentage of our common stock, and such investor's interests could be different than the interests of our smaller shareholders;

Our common stock may be delisted from the Nasdaq GSM;

We have suspended all quarterly payments on our preferred stock and our trust preferred securities and we do not know if or when such payments will resume;

We are currently prohibited from paying cash dividends on our common stock and will, for the foreseeable future, be subject to material restrictions on our ability to pay cash dividends; and

The liquidity and market price of our common stock may be materially and adversely affected by our current financial condition and the capital raising initiatives we are pursuing.

You are urged to read the "Risk Factors" section carefully and not rely on the above summary.

In addition, other factors not currently anticipated may also materially and adversely affect our results of operations, cash flows, financial position, and prospects. We cannot assure you that our future results will meet expectations. While we believe the forward-looking statements in this prospectus are reasonable, you should not place undue reliance on any forward-looking statement. In addition, these statements speak only as of the date made. We do not undertake, and expressly disclaim, any obligation to update or alter any statements, whether as a result of new information, future events, or otherwise, except as required by applicable law.

NON-GAAP FINANCIAL MEASURES

The following table presents computations of certain financial measures related to "tangible common equity" and "Tier 1 common equity." The tangible common equity ratio has become a focus of some investors and management believes this ratio may assist investors in analyzing our capital position absent the effects of intangible assets and preferred stock. Traditionally, the Federal Reserve and other banking regulators have assessed a bank's capital adequacy based on Tier 1 capital, the calculation of which is codified in federal banking regulations. More recently, the banking regulators have also supplemented their assessment of the capital adequacy of a bank based on a variation of Tier 1 capital, known as Tier 1 common equity. Because tangible common equity and Tier 1 common equity are not formally defined by generally accepted accounting principles (GAAP) or codified in the federal banking regulations, these measures are considered to be non-GAAP financial measures. Because analysts and banking regulators may assess our capital adequacy using tangible common equity and Tier 1 common equity, we believe it is useful to provide investors the ability to assess our capital adequacy on these same bases.

Tier 1 common equity is often expressed as a percentage of net risk-weighted assets. Under the risk-based capital framework, a bank's balance sheet assets and credit equivalent amounts of off-balance sheet items are assigned to one of four broad risk categories. The aggregated dollar amount in each category is then multiplied by the risk weight assigned to that category. The resulting weighted values from each of the four categories are added together and this sum is the risk-weighted assets total that, as adjusted, comprises the denominator of certain risk-based capital ratios. Tier 1 capital is then divided by this denominator (net risk-weighted assets) to determine the Tier 1 capital ratio. Adjustments are made to Tier 1 capital to arrive at Tier 1 common equity. Tier 1 common equity is also divided by net risk-weighted assets to determine the Tier 1 common equity ratio. The amounts disclosed as net risk-weighted assets are calculated consistent with banking regulatory requirements.

Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied, and are not audited. To mitigate these limitations, we have procedures in place to ensure that these measures are calculated using the appropriate GAAP or regulatory components and to ensure that our capital performance is properly reflected to facilitate period-to-period comparisons. Although these non-GAAP financial measures are frequently used by investors in the evaluation of a company, they have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analyses of results as reported under GAAP.

The following table provides reconciliations of the following:

Total assets (GAAP) to tangible assets (non-GAAP)

Total shareholders' equity (GAAP) to tangible common equity (non-GAAP)

Total shareholders' equity (GAAP) to Tier 1 common equity (non-GAAP)

	2009	2008	December 31, 2007 (Unaudited)	2006
(\$ in 000's)				
TANGIBLE COMMON EQUITY TO TANGIBLE ASSETS				
Total assets (GAAP)	\$ 2,965,364	\$ 2,956,245	\$ 3,247,516	\$ 3,406,390
Deduct: Goodwill		16,734	66,754	52,842
Deduct: Core deposit intangible assets (all other intangibles)	10,260	12,190	15,262	8,157
Deduct: Deferred taxes	691	6,892	18,572	10,597
Tangible assets (non-GAAP)	\$ 2,954,413	\$ 2,920,429	\$ 3,146,928	\$ 3,334,794
Total shareholders' equity (GAAP)	\$ 109,861	\$ 194,877	\$ 240,502	\$ 258,167
Deduct: Goodwill		16,734	66,754	52,842
Deduct: Core deposit intangible assets (all other intangibles)	10,260	12,190	15,262	8,157
Deduct: Deferred taxes	691	6,892	18,572	10,597
Deduct: Preferred stock	69,157	68,456	-	-
Tangible common equity (non-GAAP)	\$ 29,753	\$ 90,605	\$ 139,914	\$ 186,571
Tangible common equity to tangible assets ratio (non-GAAP)	1.01%	3.10%	4.45%	5.59%
TIER 1 COMMON EQUITY				
Total shareholders' equity (GAAP)	\$ 109,861	\$ 194,877	\$ 240,502	\$ 258,167
Add: Qualifying capital securities	41,880	72,751	80,309	62,350
Deduct: Goodwill		16,734	66,754	52,842
Deduct: Accumulated other comprehensive (loss) income	(15,745)	(23,318)	(339)	3,370
Deduct: Intangible assets	10,260	12,190	15,262	8,157
Deduct: Disallowed servicing assets	559	1,018		
Deduct: Net unrealized losses on equity securities			3,155	
Deduct: Other	(35)	(59)	(86)	(139)
Tier 1 capital (regulatory)	156,702	261,063	236,065	256,287
Deduct: Qualifying capital securities	41,880	72,751	80,309	62,350
Deduct: Preferred stock	69,157	68,456	-	-
Tier 1 common equity (non-GAAP)	\$ 45,665	\$ 119,856	\$ 155,756	\$ 193,937
Net risk-weighted assets (regulatory)	\$ 2,204,157	\$ 2,365,082	\$ 2,525,594	\$ 2,664,931
Tier 1 common equity ratio (non-GAAP)	2.07%	5.07%	6.17%	7.28%

SELECTED FINANCIAL DATA

Set forth below are highlights from our consolidated financial data as of and for the years ended December 31, 2005 through 2009. You should read this information in conjunction with our consolidated financial statements and related notes included at page F 1 below, from which this information is derived.

	Year Ended December 31,				
	2009	2008	2007	2006	2005
(Dollars in thousands, except per share amounts)					
SUMMARY OF OPERATIONS					
Interest income	\$ 189,056	\$ 203,736	\$ 223,254	\$ 216,895	\$ 193,035
Interest expense	50,533	73,587	102,663	93,698	63,099
Net interest income	138,523	130,149	120,591	123,197	129,936
Provision for loan losses	103,032	71,321	43,160	16,344	7,806
Net gains (losses) on securities	3,744	(14,961)	(705)	171	1,484
Other non-interest income	54,915	44,682	47,850	44,679	41,342
Non-interest expenses	187,587	177,150	115,724	106,216	101,785
Income (loss) from continuing operations before income tax	(93,437)	(88,601)	8,852	45,487	63,171
Income tax expense (benefit)	(3,210)	3,063	(1,103)	11,662	17,466
Income (loss) from continuing operations	(90,227)	(91,664)	9,955	33,825	45,705
Discontinued operations, net of tax			402	(622)	1,207
Net income (loss)	(90,227)	(91,664)	10,357	33,203	46,912
Preferred dividends	4,301	215			
Net income (loss) applicable to common stock	\$ (94,528)	\$ (91,879)	\$ 10,357	\$ 33,203	\$ 46,912
PER COMMON SHARE DATA(1)					
Income (loss) per common share from continuing operations					
Basic	\$ (3.96)	\$ (4.00)	\$ 0.44	\$ 1.48	\$ 1.96
Diluted	(3.96)	(4.00)	0.44	1.45	1.92
Net income (loss) per common share					
Basic	\$ (3.96)	\$ (4.00)	\$ 0.46	\$ 1.45	\$ 2.01
Diluted	(3.96)	(4.00)	0.45	1.43	1.97
Cash dividends declared	0.03	0.14	0.84	0.78	0.71
Book value	1.69	5.49	10.62	11.29	10.75

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SELECTED BALANCES

Assets	\$2,965,364	\$2,956,245	\$3,247,516	\$3,406,390	\$3,348,707
Loans	2,299,372	2,459,529	2,518,330	2,459,887	2,365,176
Allowance for loan losses	81,717	57,900	45,294	26,879	22,420
Deposits	2,565,768	2,066,479	2,505,127	2,602,791	2,474,239
Shareholders' equity	109,861	194,877	240,502	258,167	248,259
Long-term debt	0	0	1,000	3,000	5,000

SELECTED RATIOS

Tax equivalent net interest income to average interest earning assets	5.08%	4.63%	4.26%	4.41%	4.85%
Income (loss) from continuing operations to (2)					
Average common equity	(90.72)	(39.01)	3.96	13.06	18.63
Average assets	(3.17)	(2.88)	0.31	0.99	1.42
Net income (loss) to (2)					
Average common equity	(90.72)	(39.01)	4.12	12.82	19.12
Average assets	(3.17)	(2.88)	0.32	0.97	