

IBT BANCORP INC /MI/  
Form S-4/A  
November 19, 2007

**Table of Contents**

**As filed with the Securities and Exchange Commission on November 19, 2007**

**Registration No. 333-146734**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Amendment No. 1  
To**

**Form S-4**

**REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**IBT BANCORP, INC.**

*(Exact name of registrant as specified in its charter)*

**Michigan**

*(State or other jurisdiction of  
incorporation or organization)*

**6712**

*(Primary Standard Industrial  
Classification Code Number)*

**38-2830092**

*(I.R.S. Employer  
Identification Number)*

**200 East Broadway  
Mt. Pleasant, MI 48858  
(989) 772-9471**

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

**Dennis P. Angner, President & CEO**

**200 East Broadway  
Mt. Pleasant, MI 48858  
(989) 772-9471**

*(Address, including zip code, and telephone number,  
including area code, of agent for service)*

***Copies to:***

**Matt G. Hrebec, Esq.  
Foster, Swift, Collins & Smith, P.C.  
313 South Washington Square  
Lansing, Michigan 48933  
(517) 371-8100**

**Robert B. Borsos, Esq.  
Kreis, Enderle, Callander & Hudgins, P.C.  
171 Monroe Avenue, N.W., Suite 900B  
Grand Rapids, Michigan 49503  
(616) 254-8400**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective and satisfaction or waiver of the conditions to the proposed merger transaction, as

described in this Registration Statement.

If the securities being registered on this form are to be 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.

#### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, no par value per share	514,809 shares(1)	\$15.46(2)	\$7,958,947(2)	\$244.34(2)(3)

- (1) This amount represents a bona fide estimate of the maximum amount of IBT Bancorp, Inc. common stock to be offered based on the amount and form of consideration to be issued pursuant to the proposed transaction and the number of shares of common stock of Greenville Community Financial Corporation outstanding as of September 30, 2007, plus additional shares available to be issued in the event additional shares are required before the effective time of the merger.
- (2) The registration fee has been computed pursuant to Rule 457(f)(2) and Rule 457(f)(3). Pursuant to those rules and solely for purposes of calculating the registration fee, the Proposed Maximum Offering Price Per Share and the Proposed Maximum Aggregate Offering Price have been calculated on the basis of the book value of the common stock of Greenville Community Financial Corporation at September 30, 2007.
- (3) Calculated by multiplying (a) the proposed maximum aggregate offering price for all securities to be registered (\$7,958,947) by (b) 0.00003070.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective time until the Registrant shall file a further amendment which specifically states that this Registration shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

---

**Table of Contents**

**GREENVILLE COMMUNITY FINANCIAL CORPORATION  
1405 WEST WASHINGTON STREET  
GREENVILLE, MI 48838**

**NOTICE OF THE SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON DECEMBER 17, 2007**

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of Greenville Community Financial Corporation will be held at the Stanley & Blanche Ash Technology & Learning Center (M-TEC Center), 1325 Yellow Jacket Drive, Greenville, Michigan, 48838 at 2 p.m. Michigan time, on December 17, 2007, for the following purposes:

1. To adopt the Agreement and Plan of Merger by and between Greenville Community Financial Corporation and IBT Bancorp, Inc., dated as of August 21, 2007, as amended on September 24, 2007, and the transactions contemplated by the Merger Agreement.
2. To transact any other business that properly comes before the special meeting of shareholders, or any adjournments or postponements of the special meeting, including, without limitation, a motion to adjourn the special meeting to another time or place for the purpose of soliciting additional proxies in order to approve the Merger Agreement and the merger or otherwise.

The proposed merger is described in more detail in this Proxy Statement-Prospectus, which you should read carefully in its entirety before voting. A copy of the Merger Agreement is attached as Appendix A to this document. Only Greenville Community Financial Corporation shareholders of record as of the close of business on November 20, 2007, are entitled to notice of and to vote at the special meeting of shareholders or any adjournments of the special meeting. Pursuant to Section 762 of the Michigan Business Corporation Act, Greenville Community Financial Corporation's shareholders are entitled to dissenters' rights. A copy of Sections 761 to 774 of the Michigan Business Corporation Act, relating to dissenters' rights is attached as Appendix C to this Proxy Statement-Prospectus.

**YOUR VOTE IS VERY IMPORTANT. TO ENSURE YOUR REPRESENTATION AT THE SPECIAL MEETING OF SHAREHOLDERS, PLEASE COMPLETE, EXECUTE AND PROMPTLY MAIL YOUR PROXY CARD IN THE ENCLOSED RETURN ENVELOPE.** This will not prevent you from voting in person, but it will help to secure a quorum and avoid added solicitation costs. Your proxy may be revoked at any time before it is voted.

BY ORDER OF THE BOARD OF DIRECTORS

Jae A. Evans, Secretary

Greenville, Michigan  
November 27, 2007

**THE BOARD OF DIRECTORS OF GREENVILLE COMMUNITY FINANCIAL CORPORATION  
UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE MERGER  
AGREEMENT.**

**PLEASE MARK, SIGN, DATE AND RETURN YOUR PROXY CARD PROMPTLY, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING OF SHAREHOLDERS.**

**DO NOT SEND STOCK CERTIFICATES WITH THE PROXY CARD. UNDER SEPARATE COVER, YOU WILL RECEIVE INSTRUCTIONS FOR DELIVERING YOUR STOCK CERTIFICATES.**

---

**Table of Contents**

**GREENVILLE COMMUNITY FINANCIAL CORPORATION  
1405 WEST WASHINGTON STREET  
GREENVILLE, MI 48838**

DEAR SHAREHOLDER OF GREENVILLE COMMUNITY FINANCIAL CORPORATION:

You are cordially invited to attend a special meeting of shareholders of Greenville Community Financial Corporation, to be held on December 17, 2007, at 2 p.m., local time, at the Stanley & Blanche Ash Technology & Learning Center (M-TEC Center), 1325 Yellow Jacket Drive, Greenville, Michigan 48838. At this special meeting, you will be asked to approve the acquisition of Greenville Community Financial Corporation by IBT Bancorp, Inc. The acquisition will be accomplished through the merger of Greenville Community Financial Corporation with and into IBT Bancorp, Inc.

If the merger is completed as proposed, subject to certain possible adjustments, each share of Greenville Community Financial Corporation common stock will be converted into the right to receive .6659 of a share of IBT Bancorp, Inc. common stock and \$14.70 in cash.

The last transaction price in IBT Bancorp, Inc. common stock known to management occurring prior to the public announcement of the merger was \$44.00 a share on August 1, 2007. The last transaction price in IBT Bancorp, Inc. common stock known to management occurring prior to the mailing of this Proxy Statement-Prospectus was \$44 a share on November 15, 2007. Based on that price, your Greenville Community Financial Corporation common shares which are exchanged for IBT Bancorp, Inc. common stock and cash will be worth \$44 per share.

**YOUR VOTE IS VERY IMPORTANT.** The parties cannot complete the merger unless, among other things, our shareholders approve the merger. **THE GREENVILLE COMMUNITY FINANCIAL CORPORATION BOARD OF DIRECTORS HAS APPROVED THE MERGER AND RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE MERGER.** Please review and consider this Proxy Statement-Prospectus carefully. Under Michigan law, holders of common stock of Greenville Community Financial Corporation have dissenters' rights of appraisal with respect to the merger.

It is important that your shares are represented at the meeting, whether or not you plan to attend. An abstention or failure to vote will have the same effect as a vote against the merger. Accordingly, please complete, date, sign, and return promptly your proxy card in the enclosed envelope. You may attend the meeting and vote your shares in person if you wish, even if you have previously returned your proxy.

Sincerely,

/s/ Ted Kortes

Ted Kortes  
President and Chief Executive Officer of  
Greenville Community Financial Corporation

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE MERGER OR DETERMINED IF THIS DOCUMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE MERGER ARE NOT SAVINGS ACCOUNTS, DEPOSITS OR OTHER OBLIGATIONS OF ANY BANK OR SAVINGS ASSOCIATION AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL

Edgar Filing: IBT BANCORP INC /MI/ - Form S-4/A

AGENCY. IBT BANCORP, INC. COMMON STOCK IS SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF VALUE.

THIS DOCUMENT IS DATED NOVEMBER 27, 2007  
AND IS FIRST BEING MAILED ON OR ABOUT NOVEMBER 27, 2007.

---

**TABLE OF CONTENTS**

	<b>Page</b>
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING OF SHAREHOLDERS</u>	ii
<u>SUMMARY</u>	1
<u>SELECTED HISTORICAL FINANCIAL DATA FOR IBT AND GCFC (UNAUDITED)</u>	5
<u>CAPITAL RATIOS (UNAUDITED)</u>	6
<u>COMPARATIVE PER SHARE DATA (UNAUDITED)</u>	7
<u>RISK FACTORS</u>	8
<u>THE GCFC SPECIAL MEETING</u>	10
<u>THE MERGER AND THE MERGER AGREEMENT</u>	11
<u>IBT BANCORP, INC.</u>	31
<u>GREENVILLE COMMUNITY FINANCIAL CORPORATION</u>	33
<u>DESCRIPTION OF CAPITAL STOCK OF IBT</u>	34
<u>COMPARISON OF SHAREHOLDERS' RIGHTS</u>	35
<u>CERTAIN PROVISIONS OF THE IBT ARTICLES OF INCORPORATION AND BYLAWS</u>	39
<u>COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION</u>	39
<u>LEGAL OPINIONS</u>	41
<u>EXPERTS</u>	41
<u>SHAREHOLDER PROPOSALS</u>	41
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	41
<u>FORWARD-LOOKING STATEMENTS</u>	43
<u>APPENDICES</u>	
<u>A. Agreement and Plan of Merger by and between Greenville Community Financial Corporation and IBT Bancorp, Inc. dated August 21, 2007, as amended</u>	A-1
<u>B. Opinion of Donnelly Penman &amp; Partners</u>	B-1
<u>C. Sections 761 to 774 of the Michigan Business Corporation Act</u>	C-1
<u>Consent of Rehmann Robson, P.C.</u>	
<u>Form of Proxy</u>	

This Proxy Statement-Prospectus incorporates business and financial information about IBT Bancorp, Inc. ( **IBT** ) that is not included in or delivered with this Proxy Statement-Prospectus. Documents incorporated by reference are available from IBT without charge. You may obtain documents incorporated by reference in this Proxy Statement-Prospectus by requesting them in writing or by telephone from IBT at the following address:

IBT Bancorp, Inc.  
 Attn: Dennis P. Angner  
 President & Chief Executive Officer  
 200 East Broadway  
 Mt. Pleasant, Michigan 48858  
 (989) 772-9471

TO OBTAIN DELIVERY OF THIS INFORMATION PRIOR TO THE SPECIAL SHAREHOLDERS MEETING OF GREENVILLE COMMUNITY FINANCIAL CORPORATION ( **GCFC** ), YOU MUST REQUEST THE INFORMATION NO LATER THAN DECEMBER 10, 2007, WHICH IS FIVE BUSINESS DAYS BEFORE THE



DATE OF THE SPECIAL MEETING AT WHICH YOU ARE REQUESTED TO VOTE. You should rely only on the information contained or incorporated by reference in this Proxy Statement-Prospectus to vote on the merger and the related issuance of IBT common stock. Neither IBT nor GCFC has authorized anyone to provide you with information that is different from what is contained in this Proxy Statement-Prospectus.

**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE  
SPECIAL MEETING OF SHAREHOLDERS**

**Q: What is the Proposed Transaction?**

A: Pursuant to the Agreement and Plan of Merger by and between Greenville Community Financial Corporation and IBT Bancorp, Inc. dated August 21, 2007, as amended (the Merger Agreement ) (attached as Appendix A to this Proxy Statement-Prospectus), IBT Bancorp, Inc. ( IBT ) will acquire Greenville Community Financial Corporation ( GCFC ) through a merger transaction in which GCFC will merge with and into IBT. At or after the effective time of the merger, Greenville Community Bank, a wholly-owned subsidiary of GCFC ( GCB ), will merge with and into Isabella Bank and Trust, a wholly-owned subsidiary of IBT ( Isabella ), and the resulting bank will operate under the name Isabella Bank and Trust (the Subsidiary Bank Merger ).

**Q: What is the Purpose of this Document?**

A: This document serves as both a proxy statement of GCFC and a prospectus of IBT. As a proxy statement, this document is being provided to you by GCFC because the board of directors of GCFC is soliciting your proxy for use at the special meeting of shareholders called to vote on the proposed merger of GCFC with and into IBT. When we use the term Merger Agreement in this document, we are referring to the agreement and plan of merger, as amended, a copy of which is included in this document as Appendix A. As a prospectus, this document is being provided to you by IBT because part of the consideration IBT is offering in exchange for your shares of GCFC common stock in connection with the merger is shares of IBT common stock.

**Q: What will Shareholders of GCFC Receive in the Merger?**

A: If the Merger Agreement is approved and the merger is subsequently completed, each outstanding share of GCFC common stock (other than any dissenting shares) will be converted into the right to receive .6659 of a share of IBT common stock and \$14.70 in cash subject to adjustment under certain circumstances. Cash will be paid in lieu of any fractional share of IBT common stock.

**Q: What are the Tax Consequences of the Merger to me?**

A: Generally speaking, because you will receive a combination of IBT common stock and cash, you should recognize capital gain, but not loss, on the exchange to the extent of the lesser of cash received or gain realized in the exchange. This tax treatment may not apply to all GCFC shareholders. GCFC shareholders should consult their own tax advisors for a full understanding of the tax consequences of the merger. GCFC recommends that GCFC shareholders carefully read the complete explanation of the Material Federal Income Tax Consequences of the merger beginning on page .

**Q: What do I Need to do Now?**

A: After reviewing this document, submit your proxy by promptly executing and returning the enclosed proxy card. By submitting your proxy, you authorize the individuals named in the proxy to represent you and to vote your shares at the special meeting of shareholders in accordance with your instructions. These persons also may vote your shares to adjourn the special meeting and will be authorized to vote your shares at any adjournments or postponements of the special meeting.

Your vote is important. Whether or not you plan to attend the special meeting, please promptly submit your proxy in the enclosed, prepaid, return envelope.

**Q: Why is My Vote Important?**

A: The Merger Agreement must be adopted by a majority of the shares of GCFC issued and outstanding as of the record date for the special meeting (November 20, 2007). A failure to vote will have the same effect as a vote against the Merger Agreement.

**Table of Contents**

**Q: If My Broker Holds My Shares in Street Name will My Broker Automatically Vote My Shares for Me?**

A: No. Your broker will not be able to vote your shares without instructions from you. You should instruct your broker to vote your shares, following the directions your broker provides.

**Q: What If I Fail to Instruct My Broker to Vote My Shares?**

A: If you fail to instruct your broker to vote your shares, the broker will submit an unvoted proxy (a broker non-vote) as to your shares. Broker non-votes will count toward a quorum at the special meeting. However, broker non-votes will not count as a vote with respect to the Merger Agreement, and therefore will have the same effect as a vote against the Merger Agreement.

**Q: How will My Shares be Voted If I Return a Blank Proxy Card?**

A: If you sign, date and return your proxy card and do not indicate how you want to vote, your proxy will be counted as a vote in favor of the merger and the Merger Agreement and will be voted in the discretion of the persons named as proxies in any other matters properly presented for a vote at the special meeting.

**Q: Can I Attend the Special Meeting and Vote My Shares in Person?**

A: Yes. All shareholders are invited to attend the special meeting. Shareholders of record can vote in person at the special meeting by executing a proxy card. If a broker holds your shares in street name, then you are not the shareholder of record and you must ask your broker how you can vote your shares at the special meeting.

**Q: Can I Change My Vote?**

A: Yes. If you have not voted through your broker, you can change your vote after you have sent in your proxy card by:

providing written notice to the Secretary of GCFC;

submitting a new proxy card. Any earlier proxies will be revoked automatically; or

attending the special meeting and voting in person. Any earlier proxy will be revoked. However, simply attending the special meeting without voting will not revoke your proxy.

If you have instructed a broker to vote your shares, you must follow your broker's directions to change your vote.

**Q: Should I Send in My Stock Certificates Now?**

A: PLEASE DO NOT send your stock certificates with your proxy card. You will be sent a letter of transmittal to complete and return with your GCFC common stock certificate after the completion of the merger.

**Q: When do you Expect the Merger to be Completed?**

A: IBT and GCFC currently expect to complete the merger in the fourth quarter of 2007, assuming all of the conditions to completion of the merger have been satisfied.

**Q: Whom Should I Call with Questions?**

A: You should direct any questions regarding the special meeting of shareholders or the merger to Ted Kortes, President and Chief Executive Officer of GCFC at (616) 754-8004.

**Table of Contents**

**SUMMARY**

This summary highlights selected information included in this document and does not contain all of the information that may be important to you. You should read this entire document and its appendices and the other documents to which we refer you before you decide how to vote with respect to the Merger Agreement. You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled "Where You Can Find More Information" on page 41. Each item in this summary includes a page reference directing you to a more complete description of that item.

This document, including information included or incorporated by reference in this document, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to: (i) statements of goals, intentions and expectations; (ii) statements regarding business plans, prospects, growth and operating strategies; (iii) statements regarding the asset quality of loan and investment portfolios; (iv) statements regarding estimates of risks and future costs and benefits; and (v) other statements identified by words such as expects, anticipates, intends, plans, believes, seeks, estimates, words of similar meaning. These forward-looking statements are based on current beliefs and expectations of the management of IBT and GCFC and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from the anticipated results discussed in these forward-looking statements. See "Forward-Looking Statements" on page 43.

**The Merger**

THE MERGER AGREEMENT IS ATTACHED TO THIS DOCUMENT AS APPENDIX A. WE ENCOURAGE YOU TO READ THIS AGREEMENT CAREFULLY, AS IT IS THE LEGAL DOCUMENT THAT GOVERNS THE MERGER OF GCFC WITH AND INTO IBT.

**Parties to the Merger**

***IBT (page 31)***

IBT, headquartered in Mt. Pleasant, Michigan, is the holding company for Isabella Bank and Trust ( "Isabella" ), which operates twenty-one full-service offices and IBT Title and Insurance Agency, Inc. which operates six offices. IBT is a financial holding company under the Bank Holding Company Act of 1956, as amended (the "BHC Act" ). IBT was organized in 1988. As of June 30, 2007, IBT had consolidated assets of \$918.3 million, deposits of \$724.2 million and shareholders' equity of \$118.8 million. The principal executive office of IBT is located at 200 East Broadway, Mt. Pleasant, Michigan, 48858, and the telephone number is (989) 772-9471.

***GCFC (page 33)***

GCFC, headquartered in Greenville, Michigan, is the holding company for Greenville Community Bank ( "GCB" ), which operates two offices. GCFC is a bank holding company under the BHC Act. GCFC was organized in 1998. As of June 30, 2007, GCFC had consolidated assets of \$107.2 million, deposits of \$88.4 million and shareholders' equity of \$11.7 million. GCFC's principal executive office is located at 1405 West Washington Street, Greenville, Michigan, 48838, and the telephone number is (616) 754-5100.

***What GCFC Shareholders Will Receive In the Merger (page 12)***

If the Merger Agreement is approved and the merger is subsequently completed, each outstanding share of GCFC common stock (other than dissenting shares) will be converted into the right to receive .6659 of a share of IBT common stock and \$14.70 in cash, subject to adjustment under certain circumstances.

***Material United States Federal Income Tax Consequences of the Merger (page 28)***

As a result of receiving a combination of IBT common stock and cash in exchange for shares of GCFC common stock, you will likely recognize gain, but not loss, equal to the lesser of (1) the amount of cash received or

**Table of Contents**

(2) the amount of gain realized in the transaction. Generally, the actual U.S. federal income tax consequences to you will depend on whether your shares of GCFC common stock are held as a capital asset within the meaning of Section 1221 of the Internal Revenue Code.

You should read *Material United States Federal Income Tax Consequences of the Merger* starting on page 28 for a more complete discussion of the federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. You should consult your own tax advisor to fully understand the tax consequences of the merger to you.

***Your Board of Directors Unanimously Recommends Shareholder Approval of the Merger (page 11)***

The Board of Directors of GCFC believes that the merger presents an opportunity to join a financial institution that will have greater financial strength and earning power than GCFC would have on its own, as well as the added scale necessary to undertake and solidify leadership positions.

As a result, the Board of Directors of GCFC unanimously approved the Merger Agreement. The Board of Directors of GCFC believes that the merger and the Merger Agreement are fair to and in the best interests of GCFC and its shareholders and unanimously recommends that you vote **FOR** adoption of the Merger Agreement.

***Opinion of GCFC's Financial Advisor (page 15 and Appendix B)***

In connection with the merger, the Board of Director of GCFC received the written opinion of Donnelly Penman & Partners, that the terms of the merger are fair to GCFC's shareholders from a financial point of view. The full text of the opinion of Donnelly Penman & Partners dated September 20, 2007 is included in this document as Appendix B. GCFC encourages you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations of the review undertaken by Donnelly Penman & Partners. The opinion does not constitute a recommendation to you or any other shareholder as to how to vote with respect to the merger, or any other matter relating to the proposed transaction. Donnelly Penman & Partners will receive a fee for rendering their fairness opinion in connection with the merger.

***Special Meeting of Shareholders of GCFC (page 10)***

GCFC will hold a special meeting of its shareholders on December 17, 2007 at 2:00 p.m., Michigan time, at the Stanley & Blanche Ash Technology & Learning Center (M-TEC Center), 1325 Yellow Jacket Drive, Greenville, Michigan 48838. At the special meeting of shareholders, you will be asked to vote to adopt the Merger Agreement. As of the date of this document, GCFC's board of directors did not know of any other matters that would be presented at the GCFC special meeting.

You may vote at the special meeting of shareholders if you owned shares of GCFC common stock at the close of business on the record date, November 20, 2007. On that date, there were 773,103 shares of GCFC common stock outstanding and entitled to vote at the special meeting of shareholders. You may cast one vote for each share of GCFC common stock you owned on the record date.

Even if you expect to attend the special meeting of shareholders, GCFC recommends that you promptly complete and return your proxy card in the enclosed return envelope.

***Shareholder Vote Required (page 11)***



Adoption of the Merger Agreement requires the affirmative vote of the holders of a majority of the shares of GCFC common stock issued and outstanding on the record date. A failure to vote or an abstention will have the same effect as a vote against the merger. As of the record date, directors and executive officers of GCFC beneficially owned 172,667 shares of GCFC common stock entitled to vote at the special meeting of shareholders. This represents approximately 22.33% of the total votes entitled to be cast at the special meeting of shareholders. These individuals have indicated that they will vote FOR adoption of the Merger Agreement.

**Table of Contents**

***Comparative Stock Prices***

There is no public or active market for IBT common stock. The last sale price of IBT common stock, of which management is aware, preceding the execution of the Merger Agreement was \$44 per share and preceding the printing of this Proxy Statement-Prospectus was \$44.

There is no public or active market for GCFC common stock. The last sale price of GCFC common stock, of which management is aware, preceding both the execution of the Merger Agreement and the printing of this Proxy Statement-Prospectus was \$19. As of November 20, 2007, there were approximately 188 holders of record of GCFC common stock. See *Comparative Per Share Price and Dividend Information* on page 39.

***Dissenters' Rights of Appraisal (page 30 and Appendix C)***

Under Sections 761 to 774 of the Michigan Business Corporation Act (the *MBCA*), holders of GCFC common stock have the right to demand that GCFC pay them in cash the fair value of their shares of GCFC common stock in connection with the merger. The right to make this demand is known as *dissenters' rights*. To exercise *dissenters' rights*, a GCFC shareholder must not vote in favor of the Merger Agreement and must strictly comply with all of the procedures required under Sections 761 to 774 of the *MBCA*.

We have included a copy of Sections 761 to 774 of the *MBCA* relating to *dissenters' rights* as Appendix C to this document.

***Interests of GCFC's Directors and Executive Officers In the Merger (page 21)***

In considering the recommendation of the Board of Directors of GCFC to approve the merger, you should be aware that certain directors and executive officers of GCFC have employment and other compensation agreements or plans and continuing indemnification protection that give them interests in the merger that are somewhat different from, or in addition to, the interests of GCFC shareholders.

***Action by IBT Shareholders Not Required***

Approval of the merger and the Merger Agreement by IBT's shareholders is not required. Accordingly, IBT has not called a special meeting of its shareholders.

***Regulatory Approvals (page 26)***

We may consummate the merger and the subsidiary bank merger only upon receipt of approvals from the Federal Reserve Board ( *FRB* ) and the Michigan Office of Financial and Insurance Services ( *OFIS* ). The parties have received the Letter, dated November 16, 2007, approving the Application for the merger from the *FRB*. The parties have received the Order of the Commissioner of *OFIS*, dated October 30, 2007, approving the application for the subsidiary bank merger. No conditions or requirements were placed on the approvals by either the *FRB* or *OFIS* that affect the advisability or consummation of the mergers.

***Conditions to the Merger (page 25)***

Completion of the merger depends on a number of conditions being satisfied or waived, including but not limited to the following:

the GCFC shareholders must have adopted the Merger Agreement;

the FRB and OFIS must have approved or not objected to the merger, as appropriate, and all statutory waiting periods must have expired;

no stop order suspending the effectiveness of IBT's registration statement of which this document is a part shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the United States Securities and Exchange Commission; and

the holders of no more than 10% of GCFC's shares of common stock have indicated their intention to seek dissenter's rights of appraisal.

**Table of Contents**

Other conditions to the completion of the merger are described beginning on page 25. We cannot be certain when, or if, the conditions to the merger will be satisfied or waived or whether or not the merger will be completed.

***Ownership of IBT Following the Merger***

As a result of the merger, we estimate that GCFC shareholders will own approximately 7.51% of the outstanding IBT common shares.

***No Solicitation (page 26)***

GCFC has agreed, subject to certain limited exceptions, not to initiate discussions with another party regarding a business combination with such other party while the merger with IBT is pending.

***Termination of the Merger Agreement (page 27)***

IBT and GCFC may mutually agree at any time to terminate the Merger Agreement without completing the merger, even if GCFC shareholders have approved it. Also, either party may decide, without the consent of the other party, to terminate the Merger Agreement under specified circumstances, if the required regulatory approvals are not received or if the other party breaches its agreements. If the Merger Agreement is terminated by either IBT or GCFC on account of any willful breach by the other party of any of the representations or warranties set forth in the Merger Agreement or any willful breach by the other party of any of the agreements or covenants set forth in the Merger Agreement, the breaching party shall be required to pay to the nonbreaching party liquidated damages of \$850,000. In addition, if GCFC terminates the Merger Agreement because it accepts a superior proposal, it shall be required to pay IBT a termination fee of \$850,000.

***Differences in Rights of Shareholders (page 35)***

The rights of GCFC shareholders after the merger who continue as IBT shareholders will be governed by Michigan corporate law and the Articles of Incorporation and Bylaws of IBT rather than the Articles of Incorporation and Bylaws of GCFC.

**Table of Contents****SELECTED HISTORICAL FINANCIAL DATA FOR  
IBT AND GCFC (UNAUDITED)**

The following tables show summarized historical consolidated financial data for IBT and GCFC. This information is derived from IBT's audited financial statements for 2002 through 2006 and unaudited financial statements for the six-month period ended June 30, 2007 and GCFC's audited financial statements for 2002 through 2006 and unaudited financial statements for the six-month period ended June 30, 2007. This information is only a summary. You should read the IBT financial data in conjunction with the historical financial statements (and related notes) contained or incorporated by reference in IBT's annual reports on Form 10-K, quarterly reports on Form 10-Q, and other information filed with the Securities and Exchange Commission (SEC). See Where You Can Find More Information on page 41.

**SUMMARY OF SELECTED FINANCIAL DATA  
(Dollars in Thousands Except per Share Data)****IBT BANCORP, INC.**

	<b>Six Months Ended June 30, 2007 (Unaudited)</b>	<b>2006</b>	<b>2005</b>	<b>Year Ended December 31, 2004</b>	<b>2003</b>	<b>2002</b>
<b>INCOME STATEMENT DATA</b>						
Net interest income	\$ 13,628	\$ 24,977	\$ 23,909	\$ 23,364	\$ 23,528	\$ 22,905
Provision for loan losses	350	682	777	735	1,455	1,025
Net income	3,566	7,001	6,776	6,645	7,205	6,925
<b>BALANCE SHEET DATA (period end)</b>						
Assets	\$ 918,265	\$ 910,127	\$ 741,654	\$ 678,034	\$ 664,079	\$ 652,717
Deposits	724,157	725,840	592,478	563,876	567,707	561,456
Loans (gross)	607,219	591,042	483,242	452,895	421,859	391,088
Borrowings	67,376	58,303	52,165	30,982	18,053	17,793
Shareholders' equity	118,790	115,749	80,902	72,594	68,936	63,457
<b>Common Stock Share Summary(1)</b>						
Net income basic	\$ 0.56	\$ 1.23	\$ 1.25	\$ 1.24	\$ 1.36	\$ 1.33
Net income diluted	0.55	1.19	1.25	1.24	1.36	1.33
Cash dividends	0.24	0.64	0.60	0.57	0.55	0.50
Book value	18.22	18.27	14.78	13.48	12.94	12.09
Average shares outstanding basic	6,336,898	5,699,514	5,416,961	5,344,585	5,270,085	5,193,885
Average shares outstanding diluted	6,515,227	5,864,314	5,416,961	5,344,585	5,270,085	5,193,885

(1) all per share data was adjusted for common stock dividends

**Table of Contents****GREENVILLE COMMUNITY FINANCIAL CORPORATION**

	<b>Six Months Ended June 30, 2007 (Unaudited)</b>	<b>2006</b>	<b>Year Ended December 31,</b>				<b>2002</b>
			<b>2005</b>	<b>2004</b>	<b>2003</b>		
<b>INCOME STATEMENT DATA</b>							
Net interest income	\$ 1,770	\$ 3,820	\$ 3,420	\$ 3,136	\$ 3,091	\$ 2,886	
Provision for loan losses	51	220	300	477	319	403	
Net income	443	994	1,008	776	916	684	
<b>BALANCE SHEET DATA (period end)</b>							
Assets	\$ 107,170	\$ 107,836	\$ 103,462	\$ 103,675	\$ 101,257	\$ 89,486	
Deposits	88,382	89,071	85,519	85,804	84,075	74,320	
Loans (gross)	89,597	91,004	87,445	82,406	76,216	75,498	
Borrowings	6,500	6,500	7,000	8,000	8,000	7,000	
Shareholders equity Common Stock Share Summary	11,709	11,306	10,424	9,520	8,899	7,880	
Net income basic	\$ 0.61	\$ 1.37	\$ 1.40	\$ 1.10	\$ 1.32	\$ 0.99	
Net income diluted	0.59	1.32	1.37	1.08	1.29	0.97	
Book value	16.13	15.62	14.47	13.49	12.83	11.44	
Cash dividends	0.10	0.20	0.20	0.12	0.10	0.10	
Average shares outstanding basic	724,883	723,948	720,154	776,342	693,855	688,518	
Average shares outstanding diluted	755,717	754,782	745,155	720,336	708,258	705,574	

**CAPITAL RATIOS (UNAUDITED)**

Under the risk-based capital guidelines presently in effect for banks and bank holding companies, minimum capital levels are based on the perceived risk in the various asset categories. Certain off-balance-sheet instruments, such as loan commitments and letters of credit, require capital allocations. Bank holding companies such as IBT and GCFC are required to maintain minimum risk-based capital ratios. IBT's and GCFC's ratios are above the regulatory minimum guidelines, GCFC and IBT met the regulatory criteria to be categorized as a well-capitalized institution as of December 31, 2006. The well-capitalized classification may permit banks to minimize the cost of FDIC insurance assessments by being charged a lesser rate than those that do not meet this definition. Designation as a well-capitalized institution does not constitute a recommendation by federal bank regulators. The following table shows capital ratios and requirements as of June 30, 2007.

<b>Risk-Based Capital</b>		
<b>Leverage</b>	<b>Tier 1 %</b>	<b>Total %</b>
%		

IBT's capital ratios	10.28	15.82	17.07
GCFC's capital ratios	10.28	12.38	13.03
Pro forma combined capital ratios Consolidated IBT Bancorp, Inc.	9.15	13.65	14.90
Regulatory capital ratios well-capitalized definition	5.00	6.00	10.00
Regulatory capital ratios minimum requirement	4.00	N/A	N/A



**Table of Contents****COMPARATIVE PER SHARE DATA (UNAUDITED)**

The following table shows pro forma information about earnings per share, dividends per share, and book value per share. IBT anticipates that the combined institution will derive financial benefits from the merger that include reduced operating expenses and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of the combined entities under one set of assumptions, does not reflect these benefits and, accordingly, does not attempt to predict or suggest future results. The pro forma information also does not necessarily reflect what the historical results of the combined entities would have been had the institutions actually been combined during these periods.

	<b>IBT Historical</b>	<b>GCFC Historical</b>	<b>Pro Forma Combined</b>	<b>Equivalent Pro Forma of GCFC</b>
Comparative Per Share Data			(1)	(4)
<b>BASIC EARNINGS</b>				
Year ended December 31, 2006	\$ 1.23	\$ 1.37	\$ 1.23	\$ 1.19
Six months ended June 30, 2007	0.56	0.61	0.56	0.52
<b>DILUTED EARNINGS</b>				
Year ended December 31, 2006	\$ 1.19	\$ 1.32	\$ 1.19	\$ 1.19
Six months ended June 30, 2007	0.55	0.59	0.54	0.52
<b>CASH DIVIDENDS</b>				
Year ended December 31, 2006	\$ 0.64	\$ 0.20	\$ 0.64	\$ 0.64(2)
Six months ended June 30, 2007	0.24	0.10	0.24	0.24(2)
<b>TANGIBLE BOOK VALUE (3)</b>				
December 31, 2006	\$ 18.27	\$ 15.62	\$ 20.96	\$ 21.36
June 30, 2007	18.22	16.13	21.44	20.54

- (1) The Pro Forma Combined earnings per share amounts were calculated by totaling the historical earnings of IBT and GCFC and dividing the resulting amount by the average pro forma shares of IBT and GCFC giving effect to the merger as if it had occurred as of the beginning of the periods presented. The average pro forma shares of IBT and GCFC reflect historical basic and diluted shares, plus historical basic and diluted average shares of GCFC, as adjusted based on an assumed exchange ratio of .6659 of a share of IBT common stock and \$14.70 in cash, for each share of GCFC common stock. The aggregate merger consideration to be paid by IBT is subject to certain adjustments pursuant to the Merger Agreement. The pro forma earnings amounts do not take into consideration any operating efficiencies that may be realized as a result of the merger.
- (2) Pro Forma Combined cash dividends paid represents IBT's historical amount only.
- (3) The Pro Forma Combined tangible book value data gives effect to the merger as if it had occurred on June 30, 2007 or December 31, 2006.
- (4) The Equivalent Pro Forma Per Share of GCFC amounts were calculated by multiplying the Pro Forma Combined amounts by the assumed exchange ratio of .6659 of a share of IBT common stock and \$14.70 in cash for each share of GCFC common stock. These amounts do not take into consideration any operating efficiencies

that may be realized as a result of the merger. This data is presented for comparative purposes only.

**Table of Contents**

**RISK FACTORS**

In addition to the other information contained in or incorporated by reference into this Proxy Statement-Prospectus, including the matters addressed under the caption Forward-Looking Statements, on page 43 you should carefully consider the following risk factors in deciding whether to vote for adoption of the Merger Agreement.

**Risks Related to the Merger**

***IBT May Fail to Realize the Anticipated Benefits of the Merger.***

The success of the merger will depend on a number of factors, including (but not limited to) IBT's ability to:

timely and successfully integrate the operations of IBT and GCFC;

maintain existing relationships with depositors in GCB to minimize withdrawals of deposits subsequent to the merger;

maintain and enhance existing relationships with borrowers to limit unanticipated losses of customer relationships and credit losses from loans of GCB;

control the incremental noninterest expense from IBT and GCFC to maintain overall operating efficiencies;

retain and attract qualified personnel at IBT and GCFC; and

compete effectively in the communities served by IBT and GCFC and in nearby communities.

***GCFC Shareholders Will Have Less Influence as a Shareholder of IBT Than as a Shareholder of GCFC.***

GCFC shareholders currently have the right to vote in the election of the Board of Directors of GCFC and on other matters affecting GCFC. Assuming that one share of GCFC common stock will be exchanged for .6659 of a share of IBT common stock and \$14.70 in cash in the merger, the shareholders of GCFC as a group will own approximately 7.51% of the combined organization. When the merger occurs, each GCFC shareholder that receives IBT common stock will become a shareholder of IBT with a percentage ownership of the combined organization that is much smaller than such shareholder's percentage ownership of GCFC. Because of this, GCFC shareholders will have less influence on the management and policies of IBT than they now have on the management and policies of GCFC.

***GCFC Directors and Executive Officers Have Interests in the Merger that Differ from Those of a Shareholder.***

GCFC's directors and executive officers have various interests in the merger that differ from, or are in addition to, the interests of GCFC shareholders. These interests include:

the agreement by IBT to assume and perform the Amended and Re-Stated Management Continuity Agreements currently in effect for Mr. Gregg Peters, Mr. Jae Evans, Mr. James Beckman and Ms. Kathy Korson.

following completion of the merger, the GCB officers will continue to serve with Isabella in its Greenville division and the GCB directors will serve on a regional advisory board for the Greenville division of Isabella and shall receive the same board member compensation as provided by GCB prior to the merger.

upon completion of the merger, Ted Kortes shall join IBT's Board of Directors.

the agreement by IBT to provide indemnification protection to GCFC directors and officers.

**Table of Contents**

**Risks About IBT**

***IBT's Current Concentration of Loans in its Primary Market Area May Increase its Risk.***

IBT's success depends primarily on the general economic conditions in Mid-Michigan. Unlike larger banks that are more geographically diversified, IBT provides banking and financial services to customers primarily in Mid-Michigan. The local economic conditions in the Mid-Michigan area have a significant impact on its loans, the ability of the borrowers to repay these loans and the value of the collateral securing these loans. A significant decline in general economic conditions caused by inflation, recession, unemployment or other factors beyond IBT's control would impact these local economic conditions and could negatively affect the financial results of its banking operations.

IBT targets its business lending and marketing strategy for loans to serve primarily the banking and financial services needs of small to medium size businesses. These small to medium size businesses generally have fewer financial resources in terms of capital or borrowing capacity than larger entities. If general economic conditions negatively impact these businesses, IBT's results of operations and financial condition may be adversely affected.

***Changes in Interest Rates Could Adversely Affect IBT's Results of Operations and Financial Condition.***

IBT's results of operations and financial condition are significantly affected by changes in interest rates. IBT's results of operations depend substantially on its net interest income, which is the difference between the interest income earned on its interest-earning assets and the interest expense paid on its interest-bearing liabilities. At June 30, 2007, IBT's interest rate risk profile indicated that net interest income would increase in a rising long term interest rate environment, but would decrease in a declining long term interest rate environment.

Changes in interest rates also affect the value of IBT's interest-earning assets, and in particular IBT's securities portfolio. Generally, the value of securities fluctuates inversely with changes in interest rates. At June 30, 2007, IBT's available for sale and trading account securities totaled \$206 million. Decreases in the fair value of these securities could have an adverse effect on shareholders' equity or earnings.

IBT also is subject to reinvestment risk associated with changes in interest rates. Changes in interest rates may affect the average life of loans and mortgage-related securities. Decreases in interest rates can result in increased prepayments of loans and mortgage-related securities, as borrowers refinance to reduce borrowing costs. Under these circumstances, IBT is subject to reinvestment risk to the extent that it is unable to reinvest the cash received from such prepayments at rates that are comparable to the rates on existing loans and securities. Additionally, increases in interest rates may decrease loan demand and make it more difficult for borrowers to repay adjustable rate loans.

***Strong Competition Within IBT's Market Area May Limit its Growth and Profitability.***

Competition in the banking and financial services industry is intense. In IBT's market area, IBT competes with commercial banks, savings institutions, mortgage brokerage firms, credit unions, finance companies, mutual funds, insurance companies, and brokerage and investment banking firms operating locally and elsewhere. Many of these competitors (whether regional or national institutions) have substantially greater resources and lending limits than IBT does and may offer certain services that IBT does not or cannot provide. IBT's profitability depends upon its continued ability to successfully compete in its market area.

***IBT Operates in a Highly Regulated Environment and May Be Adversely Affected By Changes in Laws and Regulations.***

IBT is subject to regulation, supervision and examination by the Board of Governors of the Federal Reserve. Isabella is subject to regulation by the Office of Financial and Insurance Services of the State of Michigan and by the Federal Deposit Insurance Corporation, as insurer of its deposits. Such regulation and supervision govern the activities in which a bank and its holding company may engage and are intended primarily for the protection of the deposit insurance funds and depositors. These regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the imposition of restrictions on the operation of a bank, the classification of assets by a bank and the adequacy of a bank's allowance for loan losses. Any change in such

## **Table of Contents**

regulation and oversight, whether in the form of regulatory policy, regulations, or legislation, could have a material impact on IBT and its operations.

IBT's operations are also subject to extensive regulation by other federal, state and local governmental authorities and are subject to various laws and judicial and administrative decisions imposing requirements and restrictions on part or all of its operations. IBT believes that it is in substantial compliance in all material respects with applicable federal, state and local laws, rules and regulations. Because its business is highly regulated, the laws, rules and regulations applicable to IBT are subject to regular modification and change. There are currently proposed various laws, rules and regulations that, if adopted, would impact its operations, including, among other things, matters pertaining to corporate governance and SEC rules pertaining to public reporting disclosures. There can be no assurance that these proposed laws, rules and regulations, or any other laws, rules or regulations, will not be adopted in the future, which could make compliance more difficult or expensive or otherwise adversely affect its business, financial condition or prospects.

### **THE GCFC SPECIAL MEETING**

GCFC is mailing this Proxy Statement-Prospectus to you as a GCFC shareholder on or about November 27, 2007. With this document, GCFC is sending you a notice of the GCFC special meeting of shareholders and a form of proxy that is solicited by GCFC's Board of Directors. The special meeting will be held on December 17, 2007 at 2:00 p.m., local time, at the Stanley & Blanche Ash Technology & Learning Center (M-TEC Center), 1325 Yellow Jacket Drive, Greenville, Michigan.

#### **Purpose of the Meeting**

The purpose of the special meeting of shareholders is to vote on the adoption of the Merger Agreement by which GCFC will merge with and into IBT. GCFC shareholders are also being asked to approve a proposal to transact any other business that may properly come before the special meeting and any adjournment or postponement of the special meeting, including a proposal to adjourn or postpone the special meeting of shareholders. GCFC could use any adjournment or postponement for the purpose, among others, of allowing additional time to solicit proxies. As of the date of this document, the GCFC Board of Directors did not know of any other matters that would be presented at the special meeting.

#### **Proxy Card, Revocation of Proxy**

You should complete and return the proxy card accompanying this document to ensure that your vote is counted at the special meeting of shareholders, regardless of whether you plan to attend. You can revoke your proxy at any time before the vote is taken at the special meeting by:

submitting written notice of revocation to the Secretary of GCFC;

submitting a properly executed proxy bearing a later date before the special meeting of shareholders; or

voting in person at the special meeting of shareholders. However, simply attending the special meeting without voting will not revoke an earlier proxy.

If your shares are held in street name, you should follow the instructions of your broker regarding revocation of proxies.

All shares represented by valid proxies, and not revoked, will be voted in accordance with your instructions on the proxy card. If you sign your proxy card, but make no specification on the card as to how you want your shares voted, your proxy card will be voted FOR approval of the foregoing proposal. The Board of Directors is presently unaware of any other matter that may be presented for action at the special meeting of shareholders. If any other matter does properly come before the special meeting, the Board of Directors intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card.



## **Table of Contents**

### **Record Date**

The close of business on November 20, 2007 has been fixed as the record date for determining the GCFC shareholders entitled to receive notice of and to vote at the special meeting of shareholders. At that time, 773,103 shares of GCFC common stock were outstanding, and were held by approximately 188 holders of record.

### **Voting Rights, Quorum Requirements and Vote Required**

The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of GCFC common stock entitled to vote is necessary to constitute a quorum at the special meeting of shareholders. Abstentions and broker non-votes will be counted for the purpose of determining whether a quorum is present but will not be counted as votes cast either for or against the Merger Agreement.

Adoption of the Merger Agreement requires the affirmative vote of a majority of the shares of GCFC common stock issued and outstanding on the record date. Accordingly, a failure to vote, an abstention or a broker non-vote will have the same effect as a vote against the Merger Agreement. As of the record date, directors and executive officers of GCFC beneficially owned 172,667 shares of GCFC common stock entitled to vote at the special meeting of shareholders. This represents approximately 22.33% of the total votes entitled to be cast at the special meeting. These individuals have indicated that they will vote FOR adoption of the Merger Agreement.

### **Solicitation of Proxies**

For GCFC shareholders, the proxy that accompanies this document is being solicited by GCFC's Board of Directors. In addition to solicitations by mail, directors, officers, and regular employees of GCFC may solicit proxies from shareholders personally or by telephone or other electronic means. Such individuals will not receive any additional compensation for doing so. GCFC will bear its own costs of soliciting proxies, which GCFC estimates will be less than \$31,000. GCFC also will make arrangements with brokers and other custodians, nominees, and fiduciaries to send this document to beneficial owners of GCFC common stock and, upon request, will reimburse those brokers and other custodians for their reasonable expenses in forwarding these materials.

### **Authority to Adjourn Special Meeting to Solicit Additional Proxies**

GCFC is asking its shareholders to grant full authority for the special meeting to be adjourned, if necessary, to permit solicitation of additional proxies to approve the transactions proposed by this Proxy Statement-Prospectus. If it is necessary to adjourn the special meeting, no notice of the adjourned special meeting is required to be given to shareholders (unless a new record date is fixed), other than an announcement at the special meeting of the hour, date and place to which the special meeting is adjourned.

### **Recommendation of the Board of Directors**

GCFC's Board of Directors has unanimously approved the Merger Agreement and the transactions contemplated by the Merger Agreement. The Board of Directors believes that the Merger Agreement is fair to GCFC shareholders and is in the best interest of GCFC and its shareholders and recommends that you vote FOR the approval of the Merger Agreement. See The Merger and the Merger Agreement-Recommendation of the GCFC Board of Directors and Reasons for the Merger.

## **THE MERGER AND THE MERGER AGREEMENT**

The description of the merger and the Merger Agreement contained in this Proxy Statement-Prospectus describes the material terms of the Merger Agreement; however, it does not purport to be complete. It is qualified in its entirety by reference to the Merger Agreement. We have attached a copy of the Merger Agreement as Appendix A and urge you to carefully review it.

## **Table of Contents**

### **General**

Pursuant to the Merger Agreement, GCFC will merge with and into IBT. Outstanding shares of GCFC common stock will be converted into the right to receive .6659 of a share of IBT common stock and \$14.70 in cash, subject to adjustment under certain circumstances. Cash will be paid in lieu of any fractional share of IBT common stock. See *Merger Consideration* below. At the effective time of the merger, GCFC's corporate existence will terminate; and IBT will continue as the surviving corporation with a Board of Directors consisting of its current members and Ted Kortez, a current member of GCFC's board of directors. At or after the effective time of the merger, Greenville Community Bank (GCB) will be merged with and into Isabella Bank and Trust (Isabella) and the resulting bank will operate under the name Isabella Bank and Trust (the *Subsidiary Bank Merger*).

### **Merger Consideration**

Under the terms of the Merger Agreement, each outstanding share of GCFC common stock (other than dissenting shares) will be converted upon completion of the merger into the right to receive .6659 of a share of IBT common stock and \$14.70 in cash, subject to adjustment under certain circumstances. No fractional shares of IBT will be issued in connection with the merger. Instead, IBT will make a cash payment to each GCFC shareholder who would otherwise receive a fractional share.

Based on the last transaction price in IBT common stock known to management occurring prior to the mailing of this Proxy Statement-Prospectus on November 27, 2007, each share of GCFC common stock that is exchanged solely for .6659 of a share of IBT common stock and \$14.70 in cash would have a value of \$44.

### ***Surrender of Stock Certificates***

PLEASE DO NOT FORWARD YOUR GCFC STOCK CERTIFICATES WITH YOUR PROXY CARDS. STOCK CERTIFICATES SHOULD BE RETURNED TO THE EXCHANGE AGENT IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED IN THE LETTER OF TRANSMITTAL WHICH WILL BE PROVIDED TO SHAREHOLDERS AS SOON AS PRACTICABLE AFTER COMPLETION OF THE MERGER.

### ***GCFC Stock Options***

As of September 30, 2007, there were 47,285 issued and outstanding options to acquire GCFC common stock under the Greenville Community Financial Corporation Stock Compensation Plan. Each option to acquire GCFC common stock must be exercised on or before the closing date of the merger or it will be cancelled and extinguished for no consideration as of the merger's effective time.

### ***Background of Merger***

The terms and conditions of the Merger Agreement are the result of arm's length negotiations between the representatives of IBT and the representatives of GCFC. A summary of the background of these negotiations is set forth below.

GCB has operated since its organization in 1999 as a community oriented Michigan-chartered commercial bank. From its inception, GCB's main objectives were to attract deposits from the general public and use such deposits to invest primarily in residential and commercial real estate loans and commercial business loans.

Management and the board of directors have continually monitored the financial service industry's evolution which has required increasing investments in technology to remain competitive and satisfy regulatory imperatives. Management

and the board have been concerned about GCB's ability to grow as a relatively small institution in the competitive Michigan banking market. The board of directors has also been aware of the trend towards consolidation in the industry and has periodically reviewed and discussed GCB's strategic alternatives.

In the summer of 2005, GCFC was approached by a regional community bank (Regional Community Bank) with regard to a combination. During the next six months GCFC and the Regional Community Bank conducted discussions with regard to an affiliation, did limited due diligence and discussed a range of prices they would be

**Table of Contents**

willing to pay for GCFC. GCFC's board considered the matter and determined that the consideration was not sufficient to warrant a sale of GCFC.

During late 2005 and 2006 the GCFC's Board continued to consider whether a sale would be in the best interest of the bank. During the summer of 2006, GCFC held discussions with Donnelly Penman & Partners ( Donnelly Penman ) with regard to overall market conditions in the merger and acquisition market in Michigan. On November 7, 2006 Donnelly Penman was invited to attend GCFC's Board of Directors meeting. At this meeting Donnelly Penman presented, amongst other things, an overview of the merger and acquisition market for small banks.

As a result of these and other discussions, the continued consolidation of the banking market and the probable need for significant additional investment to increase GCB's assets and earnings, GCFC's board of directors, on January 15, 2007, determined that an affiliation by GCB with a larger entity might produce superior value for GCFC's shareholders and authorized the bank's management to engage the assistance of Donnelly Penman, to pursue a review of GCB's strategic options. On March 1, 2007 the Company engaged Donnelly Penman.

Over the next several weeks, GCB's management and Donnelly Penman developed a process to contact and elicit interest from a group of prospective strategic partners who would be provided a confidential descriptive memorandum presenting GCFC and its business, subject to the prior execution of a confidentiality agreement. In April 2007, Donnelly Penman began contacting potential acquirers.

On June 19, 2007, Donnelly Penman reviewed with GCFC's board the results of the preliminary proposal solicitation process. During this process, conducted on GCFC's behalf, Donnelly Penman contacted 11 potential strategic partners, of which 10 entered into confidentiality agreements and then received the confidential descriptive memorandum. Based on the consideration proposed by IBT, GCFC's board decided to move forward with IBT on an exclusive basis and directed GCB's management to meet with senior management of IBT.

In July 2007, GCB's executive officers met with senior executives of IBT. Also during this period, GCB permitted IBT to conduct on-site due diligence investigations of GCB. Donnelly Penman requested that IBT provide GCFC with a reaffirmation letter, in regards to the consideration proposed, following completion of their due diligence investigations which IBT did.

Over the ensuing weeks and with regular updates to their respective boards, the parties, assisted by financial and legal advisers, began negotiating a definitive merger agreement. Additionally, after IBT confirmed their proposal, senior executives from GCFC and GCB performed on-site due diligence at IBT on August 9, 2007. GCFC's board held a meeting on August 20, 2007, that was also attended by representatives of Donnelly Penman and Kreis, Enderle, Callander & Hudgins, P.C., counsel to GCFC. The meeting included a detailed discussion of the proposed transaction with IBT, a presentation of certain materials provided by Donnelly Penman and a description by Kreis, Enderle, Callander & Hudgins, P.C. of the terms of the agreement and plan of merger. Donnelly Penman reviewed the process leading to the proposed transaction and provided a financial analysis of the proposed transaction. At the meeting Donnelly Penman delivered its oral opinion that the proposed merger consideration to GCFC's common shareholders was fair from a financial point of view. Kreis, Enderle, Callander & Hudgins, P.C. reviewed legal aspects of the proposed transaction and the current draft of the agreement and plan of merger with the GCFC board and answered directors' questions. As a result of the presentations, the GCFC board approved the merger as being in the best interest of GCFC and GCB. The GCFC board authorized Theodore Kortess to sign the documents on behalf of GCFC and to submit the merger proposal to the shareholders with the board's recommendation that it be approved.

On August 21, 2007, GCFC and IBT executed the agreement and plan of merger and subsequently issued a joint press release, announcing the execution of the agreement.

Subsequent to the execution of the agreement on August 21, 2007, and after performing additional research into the IRS tax laws and accounting standards, IBT raised concerns that certain put rights in the agreement would prevent the exchange of stock from being tax free. To be eligible for a tax-free exchange of shares, the parties agreed to amend the Agreement and Plan of Merger. Under the agreement as amended each GCFC share will be exchanged for \$14.70 in cash plus .6659 of a share of IBT Common Stock. The stock portion of the exchange is intended to be a tax-free exchange under this arrangement while the cash portion will be taxable.

**Table of Contents**

The GCFC Board of Directors met on September 17, 2007, to discuss the revised transaction with the intention of taking formal action to approve the amendment on September 22, 2007. The GCFC Board of Directors approved the amendment to the original agreement at a meeting on September 22, 2007. The IBT Board met and approved the amendment on September 20, 2007.

On September 24, 2007, GCFC and IBT executed the amendment to the agreement and plan of merger and subsequently issued letters to their respective shareholders announcing execution of the amendment.

***Recommendation of GCFC's Board of Directors and Reasons for the Merger***

The Board of Directors of GCFC has approved the Merger Agreement and has determined that the merger is fair to and in the best interests of GCFC and its shareholders. In reaching its decision to approve the Merger Agreement, the Board of Directors consulted with its outside counsel regarding the legal terms of the merger and the Board of Director's fiduciary obligations in its consideration of the proposed merger, considered the financial aspects and fairness of the proposed Merger Agreement from a financial point of view and consulted with the management of GCFC regarding the future prospects of GCFC as an independent entity and as part of IBT. Without assigning any relative or specific weight, the Board of Directors of GCFC considered a number of factors, including the following both from a short-term and long-term perspective:

The merger consideration to be paid to GCFC shareholders;

The structure of the merger and the financial and other terms of the Merger Agreement, including the fact that the merger is conditioned upon GCFC's receipt of financial analysis and opinion to be delivered by Donnelly, Penman & Partners that the terms of the Merger Agreement are fair to the shareholders of GCFC from a financial point of view;

The fact that the transaction was structured to keep GCFC's offices open;

The Board of Directors' review, with its legal and financial advisors, of alternatives to the merger, the range and possible value to GCFC shareholders obtainable through such alternatives and the timing and likelihood of the alternatives;

The familiarity of the Board of Directors of GCFC with, and review of, its business, financial condition, results of operations and prospects, including, but not limited to, its potential growth, development, productivity and profitability and the business risks associated with the merger;

The current and prospective environment in which GCFC operates, including national and local economic conditions, the highly competitive environment for financial institutions generally, the increased regulatory burden on financial institutions, the trend toward consolidation in the financial services industry, and the increasing importance of operational scale and financial resources in maintaining efficiency, remaining competitive, and capitalizing on technological developments;

The potential for appreciation in market and book value of GCFC's common stock on both a short- and long-term basis, as a stand-alone entity;

Information concerning IBT's management, business, financial condition, results of operations, asset quality and prospects, including the long-term growth potential of IBT, the future growth prospects of IBT combined with GCFC following the proposed merger, the potential synergies expected from the merger and the business risks associated with the merger;

The United States federal income tax consequences to GCFC shareholders of receiving the merger consideration in exchange for their shares of GCFC common stock;

The advantages and disadvantages of GCFC remaining an independent institution or affiliating with a larger institution;

The short- and long-term interests of GCFC and its shareholders, the interests of the employees, customers, creditors and suppliers of GCFC, and the interests of GCFC's community, all of which may benefit from an



## **Table of Contents**

appropriate affiliation with a larger institution with increased economies of scale and with a greater capacity to serve all of the banking needs of the community;

The fact that some of GCFC's directors and executive officers have interests in the merger that are in addition to and may differ from the interests of GCFC shareholders. See *Interests of Directors and Executive Officers In the Merger*; and

The compatibility of the businesses and management philosophies of GCFC and IBT as well as IBT's strong commitment to the communities it serves.

On the basis of these considerations, the Merger Agreement was unanimously approved by GCFC's Board of Directors.

### ***The Board Of Directors Unanimously Recommends Adoption Of The Agreement And Plan Of Merger By The Shareholders Of GCFC.***

## **Fairness Opinion of Donnelly Penman & Partners**

The fairness opinion of GCFC's financial advisor, Donnelly Penman & Partners (Donnelly Penman) is described below. The full text of the fairness opinion which sets forth, among other things, assumptions made, procedures followed, matters considered and limitations on the review undertaken are attached to this document as Appendix B. Shareholders of GCFC are urged to read the fairness opinion carefully and in its entirety. To the extent that the descriptions contain projections, estimates and/or other forward-looking statements about the future earnings or other measures of the future performance of IBT, you should not rely on any of these statements as having been made or adopted by IBT unless they have been made by IBT in a document that is incorporated by reference into this Proxy Statement-Prospectus. See *Where You Can Find More Information*.

GCFC retained Donnelly Penman to act as GCFC's financial advisor in connection with the merger and related matters based upon its qualifications, expertise and reputation, as well as its familiarity with GCFC. Donnelly Penman is an investment-banking firm of recognized standing. As part of its investment banking services, it is engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, private placements and valuations for stock plans, corporate and other purposes. Donnelly Penman is acting as financial advisor to GCFC in connection with the merger and will receive fees from GCFC for its services pursuant to the terms of its engagement letter with GCFC, dated as of March 1, 2007.

On August 21, 2007, IBT and GCFC entered into an Agreement and Plan of Merger (the *Agreement*) to which IBT would acquire GCFC (the *Merger*). In accordance with the terms of the Agreement, GCB will contemporaneously merge with and into Isabella. On September 24, 2007, IBT and GCFC entered into a First Amendment to the Agreement (together with the Agreement the *Merger Agreement*). Per the terms of the Merger Agreement, each share of GCFC common stock issued and outstanding immediately prior to the effective time of the Merger shall be converted into the right to receive 0.6659 of a share of IBT common stock and \$14.70 in cash, for total consideration of \$43.50 per share (based on a trading value of \$43.25 per share for IBT stock as of September 20, 2007—the day Donnelly Penman delivered its opinion to the GCFC Board of Directors). Donnelly Penman has delivered its opinion that the exchange ratio and per share consideration is fair to GCFC's shareholders from a financial point of view. No limitations were imposed by GCFC on the scope of Donnelly Penman's investigation or on the procedures followed by Donnelly Penman in rendering its opinion.

THE FULL TEXT OF THE OPINION OF DONNELLY PENMAN, WHICH SETS FORTH, AMONG OTHER THINGS, ASSUMPTIONS MADE, PROCEDURES FOLLOWED, MATTERS CONSIDERED AND LIMITS ON

THE REVIEW UNDERTAKEN BY DONNELLY PENMAN, IS ATTACHED AS APPENDIX B TO THIS PROXY STATEMENT PROSPECTUS. HOLDERS OF GCFC COMMON STOCK ARE URGED TO READ THE OPINION IN ITS ENTIRETY. DONNELLY PENMAN S OPINION IS DIRECTED ONLY TO THE MERGER CONSIDERATION DESCRIBED IN THE MERGER AGREEMENT AND DOES NOT CONSTITUTE A RECOMMENDATION TO ANY GCFC SHAREHOLDER AS TO HOW SUCH SHAREHOLDER SHOULD VOTE AT THE GCFC SPECIAL SHAREHOLDER MEETING. THE SUMMARY SET FORTH IN THIS PROXY STATEMENT PROSPECTUS OF THE OPINION OF DONNELLY PENMAN IS QUALIFIED

**Table of Contents**

IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF ITS OPINION ATTACHED TO THIS DOCUMENT AS APPENDIX B.

In arriving at its opinion, Donnelly Penman engaged in discussions with members of the management of each of IBT and GCFC concerning the historical and current business operations, financial conditions and prospects of IBT and GCFC, and reviewed:

the Agreement and Plan of Merger dated August 21, 2007;

the Amendment to the Agreement and Plan of Merger dated September 24, 2007;

Independent Auditor's Report for GCFC for the years ended December 31, 2004, 2005 and 2006 and the management's unaudited balance sheet and statement of income for the eight months ended August 31, 2006 and August 31, 2007;

certain information, including financial forecasts and projections (and the assumptions and bases therefore which were deemed reasonable by management), relating to earnings, assets, liabilities and prospects of GCFC as a stand alone company with the management of GCFC. Donnelly Penman confirmed with management that such forecasts and projections reflected the best currently available estimates and judgments by management;

certain publicly-available information for IBT, including each of the Annual Reports to Stockholders and Annual Reports on Form 10-K for the years ended December 31, 2004, 2005 and 2006 and the quarterly reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007;

certain information, including financial forecasts and projections (and the assumptions and bases therefore which were deemed reasonable by management), relating to earnings, assets, liabilities and prospects of IBT with the management of IBT. Donnelly Penman confirmed with management that such forecasts and projections reflected the best currently available estimates and judgments by management;

the historical stock prices and trading volumes of IBT's common stock;

the terms of acquisitions of banking organizations which Donnelly Penman deemed generally comparable to GCFC;

the amount and timing of the cost savings, income from additional growth, and other expenses and adjustments expected to result from the Merger furnished by senior management of IBT and deemed reasonable by them;

the financial condition and operating results of IBT and GCFC compared to the financial conditions and operating results of certain other financial institutions that Donnelly Penman deemed comparable; and

such other information, financial studies, analyses and investigations and such other factors that Donnelly Penman deemed relevant for the purposes of its opinion.

In conducting its review and arriving at its opinion, as contemplated under the terms of its engagement by GCFC, Donnelly Penman, with the consent of IBT and GCFC, relied, without independent investigation, upon the accuracy and completeness of all financial and other information provided to it by IBT and GCFC or upon publicly-available information. Donnelly Penman participated in meetings and telephone conferences with certain members of IBT's and GCFC's senior management to discuss IBT's and GCFC's past and current business operations, regulatory standing, financial condition and future prospects, including any potential operating efficiencies and synergies that may arise as

a result of the Merger. With respect to anticipated transactions costs, purchase accounting adjustments, expected cost savings and other synergies and other information prepared by and/or reviewed with the management of IBT and used in our analyses, IBT's management confirmed to us that they reflected the best currently available estimates and judgments of management with respect to such information. With respect to anticipated earnings of GCFC and other information prepared by and/or reviewed with the management of GCFC and used by us in our analyses, GCFC's management confirmed to us that they reflected the best currently available estimates and judgments of management with respect to such information. Donnelly Penman did not undertake any responsibility for the accuracy, completeness or reasonableness of, or any obligation

**Table of Contents**

independently to verify, such information. Donnelly Penman further relied upon the assurance of management of IBT and GCFC that they were unaware of any facts that would make the information provided or available to Donnelly Penman incomplete or misleading in any respect. Donnelly Penman did not make any independent evaluations, valuations or appraisals of the assets or liabilities of IBT or GCFC. Donnelly Penman is not an expert in the evaluation of loan portfolios or the allowance for loan losses and did not review any individual credit files of IBT or GCFC and assumed that the aggregate allowances for credit losses for IBT and GCFC were adequate to cover such losses. Donnelly Penman's opinion was necessarily based upon economic and market conditions and other circumstances as they existed and evaluated by Donnelly Penman on the date of its opinion. Donnelly Penman does not have any obligation to update its opinion, unless requested by GCFC in writing to do so, and Donnelly Penman expressly disclaims any responsibility to do so in the absence of any written request by GCFC.

In connection with rendering its opinion to the GCFC Board, Donnelly Penman performed a variety of financial analyses, which are summarized below. Donnelly Penman believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without consideration of all factors and analyses, could create a misleading view of the analyses and the processes underlying Donnelly Penman's opinion. Donnelly Penman arrived at its opinion based on the results of all the analyses it undertook assessed as a whole, and it did not draw conclusions from or with regard to any one method of analysis. The preparation of a fairness opinion is a complex process involving subjective judgments, and is not necessarily susceptible to partial analysis or summary description. With respect to the analysis of selected comparable companies and analysis of selected comparable merger transactions summarized below, no public company utilized as a comparison is identical to IBT or GCFC, and such analyses necessarily involve complex considerations and judgments concerning the differences in financial and operating characteristics of the relevant financial institutions and other factors that could affect the acquisition or public trading values of the financial institutions concerned.

The financial forecast information and cost savings and other synergies expected to result from the Merger furnished by management of IBT and GCFC, respectively, and deemed reasonable by them contained in or underlying Donnelly Penman's analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than such forecasts and estimates. The forecasts and estimates were based on numerous variables and assumptions that are inherently uncertain, including factors related to general economic and competitive conditions. In that regard, Donnelly Penman assumed, with IBT's and GCFC's consent, that the financial forecasts, including the cost savings and other synergies expected to result from the Merger, were reasonably prepared on a basis reflecting the best currently available judgments of IBT and GCFC, and that such forecasts will be realized in the amounts and at the times that they contemplate. Estimates of values of financial institutions or assets do not purport to be appraisals or necessarily reflect the prices at which financial institutions or their securities actually may be sold. Accordingly, actual results could vary significantly from those assumed in the financial forecasts and related analyses. None of the analyses performed by Donnelly Penman was assigned a greater significance by Donnelly Penman than any other.

The following is a brief summary of the analyses performed by Donnelly Penman. Certain analyses have been updated to reflect currently available information for purposes of the written fairness opinion.

*Summary Analysis of the Transaction.* The Merger Agreement provides that each share of GCFC common stock issued and outstanding immediately prior to the effective time of the Merger shall be converted into the right to receive 0.6659 shares of IBT common stock and \$14.70 in cash, for total consideration of \$43.50 per share (based on a trading value of \$43.25 per share for IBT stock as of September 20, 2007 – the day Donnelly Penman delivered its opinion to the GCFC Board of Directors).

Donnelly Penman reviewed the amended terms of the Merger. Each GCFC share will be exchanged for 0.6659 of a share of IBT common stock and \$14.70 in cash, for total consideration of \$43.50 per share (based on a trading value of \$43.25 per share for IBT stock as of September 20, 2007 – the day Donnelly Penman delivered its opinion to the

GCFC Board of Directors). As such, Donnelly Penman utilized a per share value of \$43.50 in its analysis below, which represents a 284.1% premium to the book value and tangible book value per GCFC share (fully diluted) of \$15.31; 37.3 times latest twelve month ( LTM ) earnings of \$1.17 per share (fully diluted); and a 30.9% premium to core deposits as of August 31, 2007. Donnelly Penman also noted that, based on the exchange ratio and cash consideration, that the transaction had an implied aggregate value of approximately \$33.6 million (exclusive of

**Table of Contents**

transaction costs) as of September 20, 2007. The complete aggregate deal metrics in relation to the GCFC financial position as of August 31, 2007 are displayed below:

Deal Price	As of August 31, 2007/For the Twelve Months Ended August 31, 2007					
	Price/Book	Price/Tangible Book	Price/LTM Earnings	Price/Assets	Price/Deposits	Premium/Core Deposits
\$ 33,630	284.1%	284.1%	37.3x	30.0%	35.9%	30.9%

Donnelly Penman also noted when considering the value of the transaction based on a discounted dividend analysis implied an equity value per share of IBT of \$23.42 meant that the total consideration of \$30.29 per share (constituted of 0.6659 shares of IBT stock valued at \$23.42, or \$15.59, plus \$14.70 of cash per share of GCFC) represents a 197.9% premium to the book value and tangible book value per GCFC share (fully diluted) of \$15.31; 25.96 times LTM earnings of \$1.17 per share (fully diluted); and a 16.4% premium to core deposits as of August 31, 2007. The \$23.42 implied per share value for IBT is based on a discounted dividend analysis of IBT performed by Donnelly Penman. This analysis utilized a discount rate of 11.5% and a terminal value multiples of 1.84 times projected 2011 tangible book value. The discount rate was derived utilizing the Ibbotson and Associates 2007 Yearbook<sup>1</sup> on cost of equity buildup, in addition to Donnelly Penman analytical judgment. The terminal multiple was determined by reviewing the multiples for select publicly traded commercial banks in Illinois, Indiana, Michigan, and Ohio, with assets between \$750 million and \$1.5 billion and a latest twelve month return on average equity between 6% and 12%.

(1) Stocks, Bonds, Bills and Inflation Valuation Edition 2007 Yearbook<sup>®</sup>, Ibbotson Associates, Inc. 2007

Donnelly Penman also noted when considering the value of the transaction based on a comparable company analysis implied an equity value per share of IBT of \$23.13 meant that the total consideration of \$30.10 per share (constituted of 0.6659 shares of IBT stock valued at \$23.13, or \$15.40, plus \$14.70 of cash per share of GCFC) represents a 196.6% premium to the book value and tangible book value per GCFC share (fully diluted) of \$15.31; 25.79 times LTM earnings of \$1.17 per share (fully diluted); and a 16.2% premium to core deposits as of August 31, 2007. The \$23.13 implied per share value for IBT is based on an average of four indications: assumed price to book multiple of 1.34 times IBT's book value of \$18.74 as of June 30, 2007; assumed price to tangible book multiple of 1.84 times IBT's tangible book value of \$14.46 as of June 30, 2007; and assumed price to LTM earnings per share multiple of 15.9 times IBT's LTM earnings per share of \$1.21 for June 30, 2007. Additionally, the analysis assumed a premium to core deposits of 8.24% applied to IBT's core deposits of \$592.2 million as of June 30, 2007, which equates to \$21.65 per share. The implied multiples are based on a review of the multiples for select publicly traded commercial banks in Illinois, Indiana, Michigan, and Ohio with assets between \$750 million and \$1.5 billion and a latest twelve month return on average equity between 6% and 12%.

*Contribution Analysis.* The contribution analysis performed by Donnelly Penman compares the relative contribution of key balance sheet and income statement measures by IBT and GCFC to the pro-forma company.

**Table of Contents****Contribution Analysis**

	<b>IBT 6/30/2007</b>	<b>Greenville 8/31/2007 (\$ s in thousands)</b>	<b>Percent Contribution</b>	
			<b>IBT</b>	<b>Greenville</b>
Total Assets	\$ 918,265	\$ 112,143	89.1%	10.9%
Total Loans, net	599,475	90,643	86.9%	13.1%
Total Deposits	724,157	93,745	88.5%	11.5%
Core Deposits	592,244	70,601	89.3%	10.7%
Total Equity	118,790	11,837	90.9%	9.1%
2007E FYE Net Income	8,500	869	90.7%	9.3%
2008E FYE Net Income	9,223	834	91.7%	8.3%
2009E FYE Net Income	10,006	1,047	90.5%	9.5%
Shares Outstanding (Proforma Company)	6,338,368	514,809	92.5%	7.5%
<b>Average</b>			<b>90.0%</b>	<b>10.0%</b>

The range of contribution from GCFC ranges from 7.5% to 13.1% in the pro forma company, with an average of 10.0%.

*Analysis of Selected Comparable Transactions – GCFC.* Donnelly Penman reviewed and compared actual information for 26 completed or pending bank merger transactions announced from a period of January 1, 2004 to July 31, 2007. Furthermore, the transactions listed involved commercial banks located in Illinois, Indiana, Michigan, and Ohio with total assets less than \$250 million and a latest twelve month s return on average equity of between 6% and 12%. These transactions consisted of:

(Buyer/Seller)

National Bancorp, Inc./ Antioch Bancshares, Inc.

Community Bancshares, Inc./ Salt Creek Valley Bancshares, Inc.

Southern Michigan Bancorp, Inc./ FNB Financial Corporation

Standard Bancshares, Inc./ Community Bank of Lemont

Firstbank Corporation/ ICNB Financial Corporation

Union County Bancshares, Inc./ Jonesboro Bancompany, Inc.

Park National Corporation/ Anderson Bank Company

Sky Financial Group, Inc./ Wells River Bancorp, Inc.

First Banks, Inc./ TEAMCO, Inc.

Hometown Community Bancorp, Inc./ Manito Bank Services, Inc.



ChoiceOne Financial Services, Inc./ Valley Ridge Financial Corporation

Community Bank Shares of Indiana, Inc./ Bancshares, Incorporated

First Mid-Illinois Bancshares, Incorporated/ Mansfield Bancorp, Incorporated

IBT Bancorp, Inc./ Farwell State Savings Bank

German American Bancorp/ Stone City Bancshares, Inc.

PSB Bancorp/ Oxford Bank Corporation

Firstbank Corporation/ Keystone Financial Corporation

Princeton National Bancorp, Inc./ Somonauk FSB Bancorp, Inc.

**Table of Contents**

Peoples Community Bancorp, Inc./ American State Corporation

Croghan Bancshares, Inc./ Custar State Bank

Metropolitan Bank Group, Inc./ Allegiance Community Bank

Oak Hill Financial, Inc./ Ripley National Bank

Metropolitan Bank Group, Inc./ Citizens Bank Illinois, NA

Camco Financial Corporation/ London Financial Corporation

Lincoln Bancorp/ First Shares Bancorp, Inc.

Harrodsburg First Financial Bancorp, Inc./ Independence Bancorp

This comparison showed that based on the transaction price calculated above compared with GCFC's financial condition as of August 31, 2007:

The transaction price to LTM earnings multiple was 37.3 times, compared with the comparable transaction group median of 23.3 times LTM earnings;

The transaction price was 284.1% of book value and tangible book value, compared with the comparable transaction group median of 194.0%;

The transaction price was 30.0% of total assets, compared with the comparable transaction group median of 18.6%;

The transaction price was 35.9% of deposits, compared with the comparable transaction group median of 22.6%; and

The transaction price represented a 30.9% premium to core deposits, compared with the comparable transaction group median of 12.0%.

Donnelly Penman recognized that no transaction reviewed was identical to the Merger and that, accordingly, any analysis of comparable transactions necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of the parties to the transactions being compared.

*Dividend Discount Analysis - GCFC.* Donnelly Penman calculated an estimated equity value per share for GCFC based upon the values, discounted to the present, of estimates of projected dividends from the fiscal year ending December 31, 2007 through the fiscal year ending December 31, 2011 and a projected year 2011 terminal value assuming GCFC continued to operate as an independent company. The valuation date contemplated is August 31, 2007, with the entirety of the 2007 dividends being paid at the end of the year. In conducting its analysis, Donnelly Penman utilized financial estimates provided by and deemed reasonable by GCFC for 2007 through 2011. Donnelly Penman further assumed, which was deemed reasonable by GCFC management, a 25% dividend payout ratio in 2007 and each year thereafter.

This analysis utilized a discount rate of 11.5% and a terminal value multiple of 1.94 times projected 2011 tangible book value. The discount rate was derived utilizing the Ibbotson and Associates 2007 Yearbook<sup>1</sup> on cost of equity buildup, in addition to Donnelly Penman analytical judgment. The terminal multiple was determined by reviewing the multiples for select recent transactions of commercial banks in Illinois, Indiana, Michigan and Ohio with assets less than \$250 million and latest twelve month return on average equity between 6% and 12%. The analysis resulted in an estimated equity value per share of \$25.50.

*Dividend Discount Analysis IBT and GCFC Pro Forma.* Donnelly Penman calculated an estimated equity value per share for GCFC based upon the values, discounted to the present, of estimates of projected dividends from the fiscal year ending December 31, 2008 through the fiscal year ending December 31, 2012 and a projected year 2012 terminal value assuming IBT and GCFC were combined. The valuation date contemplated is December 31, 2007. In conducting its analysis, Donnelly Penman utilized financial estimates provided by and deemed reasonable by IBT for 2008 through 2012. Donnelly Penman then combined IBT with the GCFC estimates and factored in cost

## **Table of Contents**

savings and other post-transaction adjustments. Donnelly Penman further assumed, which was deemed reasonable by IBT management, a dividend payout of \$.70 per share in 2008 and rising \$.03 per share each year thereafter.

This analysis utilized a discount rate of 11.5% and a terminal value multiple of 1.84 times projected 2012 tangible book value. The discount rate was derived utilizing the Ibbotson and Associates 2007 Yearbook<sup>2</sup>( on cost of equity buildup, in addition to Donnelly Penman analytical judgment. The terminal multiple was determined by reviewing the price to tangible book value multiples of commercial banks in Illinois, Indiana, Michigan and Ohio with assets between \$750 million and \$1.5 billion and latest twelve month return on average equity between 6% and 12%. The analysis resulted in an estimated equity value per share of \$23.43. Donnelly Penman noted this is slightly higher than the equity value per share derived from the dividend discount analysis performed for IBT stand-alone.

The above analyses were based upon IBT and GCFC senior management's projections of future performance on a stand alone basis and on a combined basis, which were based upon many factors and assumptions deemed reasonable by IBT and GCFC senior management. This analysis did not purport to be indicative of actual values or actual future results and did not purport to reflect the prices at which any securities may trade at the present or at any time in the future. Donnelly Penman included this analysis because it is a widely used valuation methodology, but noted that the results of such methodology are highly dependent upon the numerous assumptions that must be made, including earnings growth rates, dividend payout rates, terminal values and discount rates.

For its financial advisory services provided to GCFC, Donnelly Penman has been paid ordinary and customary fees at or before the closing of the merger. In addition, GCFC has agreed to indemnify Donnelly Penman against various liabilities, including any which may arise under the federal securities laws.

## **Interests of Directors and Executive Officers In the Merger**

*General.* Some members of GCFC's board of directors and management may be deemed to have interests in the merger that are in addition to their interests as shareholders generally. The boards of directors of each of IBT and GCFC were aware of these interests and considered them, together with the other matters described in this Proxy Statement-Prospectus, in adopting the Merger Agreement and approving the merger.

*Arrangements with Gregg Peters, Jae Evans, James Beckman and Kathy Korson.* Concurrently with the closing of the merger, IBT will assume and perform the Amended and Re-Stated Management Continuity Agreements currently in effect for Gregg Peters, Jae Evans, James Beckman and Kathy Korson. In addition: (1) Mr. Jae Evans (president and chief executive officer of GCB) shall agree to serve as President and Chief Executive Officer of the Greenville division of Isabella; (2) Mr. James Beckman (Senior Vice President-Commercial Loans) shall agree to serve as Senior Vice President-Commercial Loans of the Greenville division of Isabella; and (3) Ms. Kathy Korson (Vice President-Mortgage Loans) shall agree to serve as Vice President-Mortgage Loans of the Greenville division of Isabella.

*Arrangement with Gregg Peters.* Concurrently with the closing of the merger, Mr. Gregg Peters (Chief Financial Officer) shall agree to serve as an assistant vice president of IBT.

*Appointment of Director.* The Merger Agreement provides that the effective time of the merger Mr. Ted Kortess, a member of the GCFC Board of Directors, shall be appointed to the Board of Directors of IBT.

*Current GCB Board.* Upon completion of the merger, the incumbent directors of GCB will serve on a regional advisory board for the Greenville division of Isabella and shall receive the same board member compensation as provided by GCB prior to the merger.

*Indemnification.* Pursuant to the Merger Agreement, IBT has agreed that from and after the effective time of the merger through the third anniversary thereof, it will indemnify and hold harmless each present and former director, officer and employee of GCFC against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation (each a "Claim"), arising in whole or in part out of, the fact that such person is or

((2) Stocks, Bonds, Bills and Inflation Valuation Edition 2007 Yearbook<sup>®</sup> Ibbotson Associates, Inc. 2007

## **Table of Contents**

was a director, officer, employee, fiduciary or agent of GCFC or its subsidiary or is or was serving at the request of GCFC or its subsidiary in such a role of another corporation, partnership, joint venture, trust or other enterprise if such Claim pertains to any matters existing or occurring at or before the effective time of the merger to the fullest extent to which said individuals are entitled under applicable law.

## **Management and Operations After the Merger**

After the merger is completed, the directors and officers of IBT who were in office prior to the effective time of the merger will continue to serve as the directors and officers of IBT for the term for which they were elected or appointed, subject to IBT's Articles of Incorporation and Bylaws and in accordance with applicable law. It also is contemplated that at or after the effective time of the merger, GCB will be merged into Isabella and the resulting bank will operate under the name Isabella Bank and Trust. In addition, certain officers of GCB will become officers of Isabella's Greenville division and one GCB officer will become an officer of IBT. One director of GCFC will become a director of IBT. See Interests of Directors and Executive Officers in the Merger beginning on page 21.

Upon completion of the merger, Isabella will form a regional advisory board for the Greenville division of Isabella consisting of persons living and/or working in the trade area currently served by GCB. The regional board will initially be comprised of the directors of GCB immediately preceding the merger. It is contemplated that within a reasonable time after the merger, a member of the IBT board will be added to the regional board.

The Articles of Incorporation and Bylaws of IBT will be the same as the Articles of Incorporation and Bylaws of the surviving entity.

## **Effective Time of Merger**

The parties expect that the merger will be effective during the fourth quarter of 2007 or as soon as possible after the receipt of all regulatory and shareholder approvals, the expiration of all regulatory waiting periods and after the satisfaction of all conditions to the merger set forth in the Merger Agreement. Unless GCFC and IBT agree otherwise, the effective time of the merger will be contemporaneous with the closing upon filing of the certificate of merger and any other required documents with the state of Michigan, unless a later date is specified in such certificate of merger, in which case such later date will be the effective time of the merger.

## **Distribution of IBT Common Stock**

At the effective time of the merger, GCFC's shareholders will cease to own shares of GCFC. Subject to certain adjustments pursuant to the Merger Agreement, each share of GCFC common stock issued and outstanding immediately prior to the completion of the merger will automatically be converted into the right to receive .6659 of a share of IBT common stock and \$14.70 in cash.

At the effective time of the merger, IBT will deliver to its exchange agent, Isabella Bank and Trust, the number of shares of IBT common stock and cash issuable in the merger. Within five business days after the closing of the merger, the exchange agent will send you and other former GCFC shareholders transmittal materials to be used to exchange the old GCFC stock certificates. The transmittal materials will contain instructions with respect to the surrender of old GCFC stock certificates. After the effective time of the merger, and once the exchange agent receives your old GCFC stock certificates, the exchange agent will register the shares of IBT common stock issuable to you in the name and at the address appearing on GCFC's stock records as of the time of the merger or such other name or address as you request in the transmittal materials. The exchange agent will not be required to register the shares in that manner until it has received all of your old GCFC stock certificates (or an affidavit of loss for such certificate or certificates and an indemnity bond), together with properly executed transmittal materials. Such old GCFC stock

certificates, transmittal materials, and affidavits must be in a form and condition reasonably acceptable to IBT and the exchange agent. The exchange agent will have discretion to determine reasonable rules and procedures relating to the exchange (or lack thereof) of old GCFC stock certificates and the payment of the per share merger consideration.

**Table of Contents**

**Conduct of Business Pending the Merger**

The Merger Agreement contains various restrictions on the operations of GCFC before the effective time of the merger. In general, the Merger Agreement obligates GCFC to conduct its business in the usual, regular and ordinary course of business and to use reasonable efforts to preserve its business organization and assets and maintain its rights and franchises. In addition, GCFC has agreed that, except as expressly contemplated by the Merger Agreement or specified in a schedule to the Merger Agreement, without the prior written consent of IBT, it will not, among other things:

change or waive any provision of its Articles of Incorporation or Bylaws, except as required by law;

change the number of authorized or issued shares of its capital stock;

enter into, amend in any material respect or terminate any material contract or agreement except in the ordinary course of business;

make application for the opening or closing of any, or open or close any, branch or automated banking facility, except as required by regulators;

change compensation or benefits of its employees, except for certain increases or bonuses subject to limits specified in the Merger Agreement;

enter into or materially modify any employee benefit plans relating to any director, officer or employee, except as may be required by law;

merge or consolidate with any other corporation or sell or lease all or any substantial portion of GCFC's or GCB's assets;

sell or dispose of the capital stock of GCFC or otherwise dispose of any assets other than in the ordinary course of business;

take any action that would cause any of the representations and warranties contained in the Merger Agreement to be untrue or would fail to cause any conditions precedent to be satisfied;

change any method, practice or principle of accounting except as required by generally accepted accounting principles or any bank regulator;

waive, release, grant or transfer any material rights of value or modify in any material respect any existing material agreement or indebtedness, other than in the ordinary course of business;

purchase equity securities, or securities for its investment portfolio inconsistent with current investment policy;

enter into, review, extend or modify any affiliate transaction (other than a deposit transaction) other than pursuant to existing insider loan policies;

enter into any futures contract, option, interest rate caps, floors or interest rate exchange agreement for purposes of hedging the exposure of interest-earning assets and interest-bearing liabilities to changes in interest rates, except in the ordinary course of business;



take any action that would give rise to a payment to any individual under any employment agreement;

change policies with respect to extension of credit, establishment of reserves, investments, asset/liability management or other material banking policies;

take any action that would result in acceleration of the right to payment under any benefit plan;

sell any participation interest in any loan;

enter into any lease or contract other than in the normal course of business;

pay, discharge, settle or compromise any claim, action, litigation, arbitration or proceeding in an amount exceeding \$10,000;

**Table of Contents**

incur any capital expenditures in excess of \$25,000 individually or in the aggregate other than pursuant to binding commitments existing on the date of the Merger Agreement or necessary to maintain existing assets in good repair;

make any new loan or other credit facility commitment to any borrower or group of affiliated borrowers in excess of \$500,000 for a construction loan, \$1,000,000 for a commercial real estate loan, \$250,000 for a commercial business loan or \$500,000 for a residential loan, except for prior commitments previously disclosed to IBT and for any loan in excess of such amount to which IBT does not object within 24 hours after being notified of the intent to make the loan;

sell or dispose of any assets or incur any liability other than in the ordinary course of business consistent with past practices and policies; and

increase the number of directors, elect or appoint any person to an executive office, or hire any person to perform the services of an executive officer, except to reelect incumbent officers and directors at annual meetings.

In addition to these covenants, the Merger Agreement contains various other customary covenants, including, among other things, access to information and each party's efforts to cause its representations and warranties to be true and correct on the closing date.

**Representations and Warranties**

The Merger Agreement contains a number of customary representations and warranties by IBT and GCFC regarding aspects of their respective businesses, financial condition, structure and other facts pertinent to the merger that are customary for a transaction of this kind. They include, among other things:

the organization, existence, and corporate power and authority, and capitalization of each of the companies;

the absence of conflicts between the Merger Agreement and applicable laws and other documents, contracts and agreements;

the absence of any development materially adverse to the companies;

the obtaining of necessary consents;

the absence of adverse material litigation;

the accuracy of reports and financial statements of each party;

the ownership of their respective material assets and properties;

the existence, performance and legal effect of certain contracts;

loan portfolio matters;

compliance with applicable laws;

the filing of tax returns, payment of taxes and other tax matters by either party;

labor and employee benefit matters; and

compliance with applicable environmental laws by GCFC.

All representations, warranties and covenants of the parties, other than the covenants in specified sections which relate to continuing matters, terminate upon the merger.

**Table of Contents**

**Conditions to the Merger**

*Mutual Conditions to Close.* The respective obligations of IBT and GCFC to complete the merger are subject to various conditions prior to the merger. The conditions include the following:

Each of the FRB and OFIS approves or provides its non-objection of the merger and the Subsidiary Bank Merger and all statutory waiting periods expire;

approval of the Merger Agreement by the affirmative vote of a majority of the issued and outstanding shares of GCFC;

the absence of any litigation, statute, law, regulation, order, decree or injunction by which the merger is restrained or enjoined;

the registration statement of which this Proxy Statement-Prospectus is a part must have been declared effective by the SEC and must not be subject to a stop order or threatened stop order;

IBT and GCFC must have received a tax opinion from Foster, Swift, Collins & Smith, P.C. to the effect that the merger will qualify as a reorganization; and

None of the regulatory approvals shall impose any term, condition or requirement that IBT in good faith reasonably determines would so materially adversely affect the transaction as to render inadvisable in the reasonable good faith judgment of IBT, the consummation of the merger.

*IBT's Conditions to Close.* In addition to the mutual conditions to close described above, IBT's obligation to complete the merger is subject to fulfillment of additional conditions, including the following:

the representations and warranties made by GCFC in the Merger Agreement must be true and correct as of the closing date or to a specifically related earlier date;

GCFC must have performed in all material respects all of the agreements, obligations and covenants made in the Merger Agreement to be completed at or before the effective time;

all requisite material permits, authorizations, consents, waivers, clearances or approvals have been obtained;

the holders of no more than 10% of GCFC's common stock shall have indicated their intention to seek dissenters' rights of appraisal;

IBT must have received an opinion from Kreis, Enderle, Callander & Hudgins, P.C. (legal counsel for GCFC) to the effect that GCFC is in good standing, the merger has been approved by GCFC's Board of Directors and shareholders, and the Merger Agreement is binding on GCFC;

IBT must have received a fairness opinion from Austin Associates, LLC to the effect that the terms of the merger are fair to IBT's shareholders from a financial point of view;

IBT shall have received a certificate dated as of closing and signed by GCFC's secretary and transfer agent concerning outstanding GCFC shares and shares issuable after that date; and

IBT must have received a certification by GCFC's Chief Executive Officer and Chief Financial Officer concerning GCFC's financial statements.

*GCFC's Conditions to Close.* In addition to the mutual conditions to close described above, GCFC's obligation to complete the merger is subject to the fulfillment of additional conditions, including the following:

the representations and warranties made by IBT in the Merger Agreement must be true and correct as of the closing date or to a specifically related earlier date;

IBT must have performed in all material respects all of the agreements, obligations and covenants made in the Merger Agreement to be completed at or before the effective time;

all requisite material permits, authorizations, consents, waivers, clearances or approvals have been obtained;

## **Table of Contents**

GCFC must have received an opinion from Foster, Swift, Collins & Smith, P.C. (legal counsel for IBT) to the effect that IBT is in good standing, the Merger Agreement has been duly executed by IBT and is binding on IBT;

IBT shall have delivered the merger consideration (IBT stock and cash) to the exchange agent; and

GCFC must have received a fairness opinion from Donnelly Penman & Partners to the effect that the terms of the merger are fair to GCFC's shareholders from a financial point of view.

## **Regulatory Approvals**

IBT and GCFC have agreed to use all reasonable efforts to obtain all permits, consents, approvals and authorizations of all third parties and governmental entities that are necessary or advisable to consummate the merger. The merger is subject to prior approval by the FRB under the BHC Act. The Subsidiary Bank Merger is subject to prior approval by the FRB under the Bank Merger Act, and subject to prior approval by OFIS under the Michigan Banking Code of 1999. The FRB and OFIS (collectively, the Agencies) are required under the respective acts to consider the financial and management resources including the competence, experience and integrity of the officers, directors and principal shareholders, and future prospects of the institution and the convenience and needs of the communities to be served. The Agencies have performed their review and have given approval for the mergers.

*Other Requisite Approvals and Consents.* Approvals or notices are also required from or to OFIS and may be required from or to certain other regulatory agencies.

*Status of Regulatory Approvals.* IBT has received the Letter, dated November 16, 2007, approving the Application for the merger from the FRB. IBT has received the Order of the Commissioner of OFIS, dated October 30, 2007, approving the application for the subsidiary bank merger. No conditions or requirements were placed on the approvals by either the FRB or OFIS that affect the advisability or consummation of the mergers.

We will be able to consummate the merger upon approval by the GCFC shareholders, but not earlier than 15 days from the date of the FRB Letter approving the merger. The statutory 30 day waiting period may be, and has here been, reduced to 15 days upon approval by the FRB and the Department of Justice.

## **No Solicitation**

Until the merger is completed or the Merger Agreement is terminated, GCFC has agreed that it, its officers, directors employees, representatives or agents will not:

initiate, solicit or knowingly encourage any inquiries or the making of any acquisition proposal;

enter into, maintain or continue any discussions or negotiations regarding any acquisition proposals; or

agree to or endorse any other acquisition proposal.

GCFC may, however, furnish information regarding GCFC to, or enter into and engage in discussion with, any person or entity in response to an unsolicited proposal by the person or entity relating to an acquisition proposal if:

GCFC's Board of Directors determines in good faith that such proposal, if consummated, is reasonably likely to result in a transaction more favorable from a financial point-of-view to GCFC's shareholders than the IBT

merger;

GCFC's Board of Directors determines in good faith, after consultation with its legal counsel and financial advisors, that the action is required for GCFC's directors to comply with their fiduciary obligations under applicable law; and

GCFC promptly notifies IBT of such inquiries, proposals or offers, the material terms of such inquiries, proposals or offers and the identity of the person making such inquiry, proposal or offer.

## **Table of Contents**

### **Employee Benefit Matters**

From and after the effective time of the merger until no later than January 1, 2009, IBT will continue the defined contribution plan of GCFC in effect immediately preceding the effective time. No later than January 1, 2009, or as required by the Employee Retirement Income Security Act of 1974, as amended, IBT will cause the employee defined contribution plan of IBT to be adopted by Isabella for all GCFC employees who were employed as of the effective time of the merger. IBT will treat the prior service of each GCFC employee with GCFC as service with IBT for purposes of vesting and any age or period of service requirements for participation with respect to IBT's employee defined contribution plan. In addition, IBT will, from and after the effective time of the merger, continue in effect any material welfare benefit plan, life insurance, group health plan or disability plan in which the employees of GCFC participated immediately prior to the effective time (or an arrangement providing substantially similar benefits).

### **Termination; Amendment; Waiver**

The Merger Agreement may be terminated prior to the closing, before or after approval by GCFC's shareholders, as follows:

by mutual written agreement of IBT and GCFC;

by IBT or GCFC if GCFC shareholders do not approve the Merger Agreement and merger;

by a non-breaching party if the other party (1) materially breaches any covenants or undertakings contained in the Merger Agreement or (2) materially breaches any representations or warranties contained in the Merger Agreement, in each case if such breach by its nature cannot be cured prior to February 1, 2008 or has not been cured within thirty days after written notice from the terminating party;

by either party if any required regulatory approvals for consummation of the merger is not obtained;

by either party if the closing does not occur by February 1, 2008;

by either party if any condition to closing cannot be satisfied or fulfilled by February 1, 2008;

by IBT if GCFC shall have received a superior proposal and GCFC Board of Directors shall have entered into an acquisition agreement with respect to a superior proposal and terminates the Merger Agreement or fails to recommend that the shareholders of GCFC approve the Merger Agreement or has withdrawn, modified or changed such recommendation in a manner which is adverse to IBT; or

by GCFC in order to accept a superior proposal, which has been received and considered by GCFC in compliance with the applicable terms of the Merger Agreement, provided that GCFC has notified IBT at least five business days in advance of any such action and given IBT the opportunity during such period, if IBT elects in its sole discretion, to negotiate amendments to the Merger Agreement which would permit GCFC to proceed with the proposed merger with IBT.

### **Termination Fee**

If the Merger Agreement is terminated by either IBT or GCFC on account of any willful breach by the other party of any of the representations or warranties set forth in the Merger Agreement or any willful breach by the other party of any of the agreements or covenants set forth in the Merger Agreement, the nonbreaching party shall be entitled to



liquidated damages from the breaching party in the amount of \$850,000.

Additionally, GCFC must pay to IBT a termination fee in the amount of \$850,000 if GCFC has terminated the Merger Agreement because it has entered into an acquisition agreement with respect to a superior proposal (as defined in the Merger Agreement) from a third party.

**Fees and Expenses**

Each party will each pay its own costs and expenses in connection with the Merger Agreement and the transactions contemplated thereby.

**Table of Contents**

**Material United States Federal Income Tax Consequences Of The Merger**

The following general discussion sets forth the anticipated material United States federal income tax consequences of the merger to U.S. holders (as defined below) of GCFC common stock that exchange their shares of GCFC common stock for shares of IBT common stock and cash in the merger. This discussion does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction, or under any United States federal laws other than those pertaining to income tax. This discussion is based upon the Code, the regulations promulgated under the Code and court and administrative rulings and decisions in effect on the date of this document. These laws may change, possibly retroactively, and any change could affect the continuing validity of this discussion.

This discussion addresses only those GCFC shareholders that hold their shares of GCFC common stock as capital assets within the meaning of Section 1221 of the Code. Further, this discussion does not address all aspects of United States federal income taxation that may be relevant to you in light of your particular circumstances or that may be applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a financial institution;
- a tax-exempt organization;
- an S corporation or other pass-through entity (or an investor in an S corporation or other pass-through entity);
- an insurance company;
- a mutual fund;
- a dealer in stocks and securities, or foreign currencies;
- a trader in securities that elects the mark-to-market method of accounting for your securities;
- a holder of GCFC common stock subject to the alternative minimum tax provisions of the Code;
- a holder of GCFC common stock that received GCFC common stock through the exercise of an employee stock option, through a tax qualified retirement plan or otherwise as compensation;
- a person that is not a U.S. holder (as defined below);
- a person that has a functional currency other than the U.S. dollar; or
- a holder of GCFC common stock that holds GCFC common stock as part of a hedge, straddle, constructive sale or conversion transaction.

**DETERMINING THE ACTUAL TAX CONSEQUENCES OF THE MERGER TO YOU MAY BE COMPLEX. THEY WILL DEPEND ON YOUR SPECIFIC SITUATION AND ON FACTORS THAT ARE NOT WITHIN OUR CONTROL. YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISOR AS TO THE TAX CONSEQUENCES OF THE MERGER IN YOUR PARTICULAR CIRCUMSTANCES, INCLUDING THE APPLICABILITY AND EFFECT OF THE ALTERNATIVE MINIMUM TAX AND ANY STATE, LOCAL, FOREIGN OR OTHER TAX LAWS AND OF CHANGES IN THOSE LAWS.**

For purposes of this discussion, the term "U.S. holder" means a beneficial owner of GCFC common stock that is (i) an individual citizen or resident of the United States, (ii) a corporation or partnership organized in or under the laws of the United States or any state thereof or the District of Columbia, (iii) a trust, if a United States court can exercise primary supervision over it, and one or more United States persons have authority to control substantial decisions that affect it, or (iv) an estate subject to United States income tax on its worldwide income.

*Tax Consequences of the Merger Generally.* The parties intend for the merger to qualify as a reorganization for United States federal income tax purposes. The consummation of the merger is conditioned on the delivery, by Foster, Swift, Collins & Smith, P.C., of an opinion to IBT and to GCFC to the effect that (1) the merger will be a tax-free reorganization within the meaning of Section 368(a) of the Code, and (2) GCFC shareholders who exchange their GCFC common stock held as a capital asset for a combination of IBT common stock and cash will (if the

## **Table of Contents**

receipt of cash is not treated as essentially equivalent to a dividend) recognize gain, but not loss, in an amount equal to the lesser of (A) the amount of cash received in the merger, or (B) the amount of gain realized in the merger (i.e., the excess of the sum of the amount of cash and the fair market value of the GCFC common stock received in the merger over such shareholder's adjusted tax basis in its shares of GCFC common stock surrendered in the merger).

This opinion will be based on representation letters provided by IBT and GCFC and on customary factual assumptions, all of which must continue to be true and accurate in all material respects as of the effective time. None of the opinions described above will be binding on the Internal Revenue Service. IBT and GCFC have not sought and will not seek any ruling from the Internal Revenue Service regarding any matters relating to the merger, and as a result, there can be no assurance that the Internal Revenue Service will not disagree with or challenge any of the conclusions described herein.

*Backup Withholding.* If you are a noncorporate holder of GCFC common stock, you may be subject to information reporting and backup withholding at a rate of 28% if the cash payment is \$20 or more. You generally will not be subject to backup withholding, however, if you:

furnish a correct taxpayer identification number and certify that you are not subject to backup withholding on the substitute Form W-9 or successor form included in the election form/letter of transmittal you will receive; or

are otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will generally be allowed as a refund or credit against your United States federal income tax liability, provided you timely furnish the required information to the Internal Revenue Service.

*Reporting Requirements.* If you receive shares of IBT common stock and cash as a result of the merger, you will be required to retain records pertaining to the merger and you will be required to file with your United States federal income tax return for the year in which the merger takes place a statement setting forth certain facts relating to the merger.

*Dissenting Shareholders.* Holders of GCFC common stock who dissent with respect to the merger as discussed in Dissenters' Rights and who receive cash in respect of their shares of GCFC common stock will recognize capital gain or loss equal to the difference between the amount of cash received and their aggregate tax basis in their GCFC shares.

*Holding IBT Common Stock.* The following discussion describes the U.S. federal income tax consequences to a holder of IBT common stock after the merger. Any cash distribution paid by IBT out of earnings and profits, as determined under U.S. federal income tax law, will be subject to tax as ordinary dividend income and will be includible in your gross income in accordance with your method of accounting. See below under Tax Rate Changes for information regarding the rate of tax on dividends. Cash distributions paid by IBT in excess of its earnings and profits will be treated as (i) a tax-free return of capital to the extent of your adjusted basis in your IBT common stock (reducing such adjusted basis, but not below zero), and (ii) thereafter as gain from the sale or exchange of a capital asset.

Upon the sale, exchange or other disposition of IBT common stock, you will generally recognize gain or loss equal to the difference between the amount realized upon the disposition and your adjusted tax basis in the shares of IBT common stock surrendered. Any such gain or loss generally will be long-term capital gain or loss if your holding period with respect to the IBT common stock surrendered is more than one year at the time of the disposition. For the rate of tax on capital gains, see below under Tax Rate Changes.

*Tax Rate Changes.* Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, the individual tax rates on long-term capital gains and dividend income have been reduced. The top individual rate for long-term capital gains from sales or exchanges on or after May 6, 2003 is 15%. The top individual rate for qualified dividend income received after December 31, 2002 is also 15%. To be considered qualified dividend income to a particular holder, the holder must have held the common stock for more than 60 days during the 120 day period beginning 60 days before the ex-dividend period as measured under Code Section 246(a). Dividend income that is

## **Table of Contents**

not qualified dividend income will be taxed at ordinary income rates. You are urged to consult your tax advisor to determine whether a dividend, if any, would be treated as qualified dividend income.

### **Resale of IBT Common Stock**

All shares of IBT common stock received by GCFC shareholders in the merger will be registered under the Securities Act of 1933 and will be freely transferable under the Securities Act of 1933, except that shares of IBT common stock received by persons who are deemed to be affiliates, as the term is defined under the Securities Act of 1933, of IBT or GCFC at the time of the special meeting may be resold by them only in transactions permitted by the resale provisions of Rule 145 under the Securities Act of 1933 or as otherwise permitted under the Securities Act of 1933. Persons who may be deemed to be affiliates of IBT or GCFC generally include individuals or entities that control, are controlled by, or are under common control with, the party and may include certain officers and directors of such party as well as principal shareholders of such party. Affiliates of both parties have previously been notified of their status. The Merger Agreement requires GCFC to use reasonable efforts to receive an affiliate letter from each person who is an affiliate of GCFC.

This Proxy Statement-Prospectus does not cover resales of IBT common stock received by any person who may be deemed to be an affiliate of GCFC or IBT.

### **Accounting Treatment**

In accordance with accounting principles generally accepted in the United States of America, the merger will be accounted for using the purchase method. As a result, the recorded assets and liabilities of IBT will be carried forward at their recorded amounts, the historical operating results will be unchanged for the prior periods being reported on and the assets and liabilities from the acquisition of GCFC will be adjusted to fair value at the date of the merger. In addition, all identified intangibles, which presently consists of a core deposit intangible, will be recorded at fair value and included as part of the net assets acquired. To the extent that the purchase price payable to former GCFC shareholders exceeds the fair value of the net assets including identifiable intangibles of GCFC at the merger date, that amount will be reported as goodwill. In accordance with Statement of Financial Accounting Standards No. 142,

Goodwill and Other Intangible Assets, goodwill will not be amortized but will be evaluated for impairment at least annually. Identified intangibles will be amortized over their estimated lives. Further, the purchase accounting method results in the operating results of GCFC being included in the consolidated income of IBT beginning from the date of consummation of the merger.

### **Dissenters Rights**

Each holder of GCFC common stock has the right to dissent from the merger and receive the fair value of such shares of GCFC common stock in cash if the shareholder follows the procedures required under Sections 450.761-450.774 of the MBCA set forth in Appendix C., the material provisions of which are summarized below. Under the MBCA, a holder of GCFC common stock may dissent and IBT will pay to such shareholder the fair value of such shareholder's shares of GCFC common stock if such shareholder: (1) files with GCFC before the vote is taken, written notice of intent to demand payment for his or her shares and (2) does not vote in favor of the merger.

If the merger is approved at the GCFC special meeting, IBT will deliver written dissenters' notice to those GCFC shareholders who complied with their notice requirements. This dissenters' notice will be sent no later than ten days after the Closing Date. The dissenters' notice will (1) state where payment demand must be sent and when certificates must be deposited; (2) supply a form for demanding payment that includes the date of the first announcement to the news media or to shareholders of the terms of the merger and requires that the shareholder certify whether he or she acquired beneficial ownership of the shares before such date; and (3) set a date by which the payment demand must be

received, which date may be not less than thirty nor more than sixty days after the date the dissenters' notice was delivered to shareholders.

A shareholder sent a dissenters' notice must demand payment, certify whether he or she acquired beneficial ownership of the GCFC common stock before the date required to be set forth in the dissenters' notice and deposit his or her certificates in accordance with the terms of the notice. GCFC shareholders who do not demand payment or

## **Table of Contents**

deposit certificates within the time set forth in the dissenters' notice lose all rights to payment for their GCFC common stock.

Except for after-acquired shares, which are discussed below, at the Closing Date or upon receipt of a payment demand, IBT will pay each dissenter the amount IBT estimates to be the fair market value of the shares plus accrued interest. The payment will be accompanied by GCFC's most recent balance sheet, income statement, and statement of changes in shareholder equity plus the latest available interim financial statements, as well as IBT's estimate of the fair value of the GCFC Common Stock, an explanation of how interest was calculated, and a statement of the dissenter's right to make a supplemental demand for payment if dissatisfied with the payment made.

GCFC common stock acquired after the date of the first announcement to the news media or GCFC shareholders of the terms of the merger still qualify for dissenters' rights, but the holder of these shares may receive different and somewhat less favorable treatment than those shares acquired before such announcements. IBT, at its election, may withhold payment from a dissenter who holds after-acquired shares, at a time when payment to other shareholders is required. Should IBT elect to withhold payment, IBT, after the Closing Date, will estimate the fair value of the dissenter's shares plus interest and offer to pay this amount to each dissenter who agrees to accept it in full satisfaction. Along with its offer, IBT will send a statement of its estimate of the fair value of the shares, an explanation of how interest was calculated, and a statement of the dissenter's right to make a supplemental demand for payment if dissatisfied with the offer.

In the event a shareholder is dissatisfied with the payment received, or with the amount offered in the case of after-acquired shares, he or she must notify IBT in writing of his or her own estimate of the fair value of the shares and interest due and make a supplemental demand for payment of the amount he or she believes to be owing. This right is waived unless the dissenter makes his or her demand within thirty days after IBT made or offered payment for his or her shares.

If a supplemental demand remains unsettled, IBT shall commence a proceeding within sixty days after receiving the demand, and petition the circuit court to determine the fair value and accrued interest. Should IBT fail to do so it must pay each dissenter whose demand remains unsettled, the amount demanded. Each dissenter made a party to the proceeding is entitled to judgment for the amount by which the court determined fair value of the shares plus interest exceeds the amount paid by IBT or, in the case of after-acquired shares for which payment was not made, the total amount of the fair value plus interest.

**A PROXY OR VOTE AGAINST THE MERGER WILL NOT, BY ITSELF, BE REGARDED AS A WRITTEN OBJECTION FOR PURPOSES OF ASSERTING DISSENTERS' RIGHTS.**

**THE ABOVE SUMMARY OF THE PROVISIONS REGARDING DISSENTERS' RIGHTS UNDER THE MBCA IS QUALIFIED IN ITS ENTIRETY BY THE TEXT OF SECTIONS 450.761-450.774 OF THE MBCA. THE TEXT OF SECTIONS 450.761-450.774 IS ATTACHED HERETO AS APPENDIX C.**

**SHAREHOLDERS OF GCFC INTENDING TO EXERCISE DISSENTERS' RIGHTS ARE URGED TO SEEK THE ADVICE OF COUNSEL. FAILURE TO COMPLY WITH ALL REQUIREMENTS OF SECTIONS 450.761-450.774 OF THE MBCA WILL RESULT IN THE LOSS OF DISSENTERS' RIGHTS.**

**IBT BANCORP, INC.**

## **Description of Business**



IBT is a community-based financial holding company headquartered in Mt. Pleasant, Michigan. IBT, through its wholly owned banking subsidiary, Isabella Bank and Trust ( Isabella ), provides a wide range of services, including traditional banking services, personal and corporate trust services and residential mortgage services. IBT's principal operating subsidiary is Isabella, which is chartered as a Michigan state bank. Isabella operates in one business segment, community banking, providing a full range of services to individual and corporate customers. Isabella is a community-oriented, full-service commercial bank, providing traditional banking services to individuals, small-to-medium-sized businesses, governmental and public entities and not-for-profit organizations.

**Table of Contents**

Isabella operates 21 banking offices in the Michigan counties of Isabella, Montcalm, Mecosta, Clare, Gratiot and Saginaw.

IBT Title and Insurance Agency, Inc., a subsidiary of IBT, is a Michigan licensed title insurance agency that provides title insurance, abstract searches and closes loans in the Michigan counties of Isabella, Montcalm, Clare, Mecosta, Roscommon and Newaygo.

IBT is a Michigan corporation. IBT was founded in 1988 under the BHC Act as a bank holding company for Isabella.

**Certain Beneficial Owners of IBT Common Stock**

The following table sets forth, to the best knowledge and belief of IBT, certain information regarding the beneficial ownership of IBT common stock as of September 30, 2007, by (i) each director and certain named officers of IBT; and (ii) all of IBT's directors and officers as a group. There are no persons known to IBT to be the beneficial owner of more than 5% of the IBT common stock.

Name of Owner	Amount and Nature of Beneficial Ownership			Percentage of Common Stock Outstanding
	Sole Voting and Investment Powers	Shared Voting and Investment Powers	Total Beneficial Ownership	
<b>Directors and Executive Officers</b>				
Dennis P. Angner*	14,016		14,016	0.22%
Richard J. Barz*	16,637		16,637	0.26%
Sandra L. Caul		8,997	8,997	0.14%
James C. Fabiano	231,903		231,903	3.66%
David W. Hole		16,299	16,299	0.26%
W. Joseph Manifold	353		353	0.01%
W. Michael McGuire		5,302	5,302	0.08%
Ronald E. Schumacher		13,442	13,442	0.21%
William J. Strickler	68,627	5,933	74,560	1.18%
Dale D. Weburg	49,144	831	49,975	0.79%
David J. Maness	253	835	1,088	0.02%
Timothy M. Miller	3,138		3,138	0.05%
Peggy L. Wheeler	5,133		5,133	0.08%
Douglas D. McFarlane	426		426	0.01%
All Directors and Executive Officers as a Group (14 persons)	389,630	51,639	441,269	6.96%

\* Trustees of the ESOP who vote ESOP stock

**Additional Information**

Information concerning executive compensation, certain relationships and related transactions, and other related matters concerning IBT included or incorporated by reference in its Annual Report on Form 10-K for the year ended December 31, 2006, is incorporated by reference into this document. GCFC shareholders who would like a copy of this annual report or any document incorporated by reference into the report may contact IBT at the address or telephone number provided under "Where You Can Find More Information" on page 41.

**Table of Contents****GREENVILLE COMMUNITY FINANCIAL CORPORATION****Description of Business**

GCFC was formed under the laws of the state of Michigan in 1998 as a bank holding company registered under the BHC Act and as the parent company of Greenville Community Bank ( GCB ) which is chartered as a Michigan state bank. GCFC's principal executive offices are located at 1405 West Washington Street, Greenville, Michigan, 48838, which is also the location of the main office of GCB. GCB has an additional branch operating in Stanton, Michigan.

As of June 30, 2007, GCFC reported total consolidated assets of \$107.2 million, deposits of \$88.4 million and shareholders' equity of \$11.7 million.

GCB is subject to supervision, regulation and examination by the FDIC and the Office of Financial and Insurance Services of the state of Michigan ( OFIS ) and its deposits are insured by the FDIC.

Additional information with respect to GCFC and GCB is included elsewhere in this Proxy Statement-Prospectus.

**Properties**

GCFC has two locations, including one corporate office in which banking offices are maintained and one where the banking branch is located. The following is a description of GCFC's facilities in which the office and branch are located:

<b>Location</b>	<b>Square Footage</b>	<b>Date Opened</b>	<b>Occupancy Status</b>
Corporate and Banking Offices 1405 West Washington Street Greenville, Michigan 48838	12,000 square feet	March, 1999	34 employees of which 23 are full-time, 8 part-time and 3 are contract employees
Banking Branch	3,182 square feet	June 8, 2007	6 employees of which 4 are full-time

**Legal Proceedings**

GCFC is not a party to any litigation, the adverse determination of which would be likely to have a material adverse effect upon its business operations or assets.

**Certain Beneficial Owners of GCFC Common Stock**

The following table sets forth, to the best knowledge and belief of GCFC, certain information regarding the beneficial ownership of GCFC common stock as of September 30, 2007, by each person known to GCFC to be the beneficial owner of more than 5% of the GCFC common stock.

**Amount and Nature  
of Beneficial Ownership**

**Sole Voting and**

<b>Name of Owner</b>	<b>Investment Powers</b>	<b>Shared Voting and Investment Powers</b>	<b>Total Beneficial Ownership</b>	<b>Percentage of Common Stock Outstanding</b>
Todd and Stacey Taylor	4,900	39,600	44,500	5.76%
Leland T. Wallin	41,600	0	41,600	5.38%

**Table of Contents**

The following table sets forth, to the best knowledge and belief of GCFC, certain information regarding the beneficial ownership of GCFC common stock as of September 30, 2007, by: (i) each director and certain named executive officers of GCFC; and (ii) all of GCFC's directors and executive officers as a group.

Name of Owner	Amount and Nature of Beneficial Ownership			Percentage of Common Stock Outstanding
	Sole Voting and Investment Powers	Shared Voting and Investment Powers	Total Beneficial Ownership	
Ted Kortes	200	14,000	14,200	1.84%
Jae A. Evans	5,000	0	5,000	0.65%
William T. Ham	4,600	12,500	17,100	2.21%
James M Mullendore, Jr.	0	15,434	15,434	2.00%
Todd N. Taylor	4,900	39,600	44,500	5.76%
Kirk Faber	15,433	0	15,433	2.00%
Greg Millard	14,400	0	14,400	1.86%
L. Terry Wallin	41,600	0	41,600	5.38%
James Beckman	5,000	0	5,000	0.65%
All Directors and Executive Officers as a Group (9 persons)	91,133	81,534	172,667	22.33%

**Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

There have been no changes in or disagreements with accountants on accounting and financial disclosures.

**DESCRIPTION OF CAPITAL STOCK OF IBT**

IBT is authorized to issue 10,000,000 shares of common stock, no par value. IBT is not authorized to issue any shares of preferred stock. At September 30, 2007, there were 6,325,773 shares of IBT common stock issued and outstanding. Each share of IBT common stock has the same relative rights as, and is identical in all respects with, each other share of common stock.

The common stock of IBT is not an account of an insurable type, and is not insured by the Federal Deposit Insurance Corporation or any other government agency.

**Common Stock**

*Dividends.* The holders of common stock of IBT are entitled to receive and share equally in dividends as may be declared by the Board of Directors of IBT out of funds legally available for the payment of dividends. The payment of dividends by IBT is subject to limitations that are imposed by law and applicable regulation.

*Voting Rights.* The holders of common stock of IBT have exclusive voting rights in IBT. They elect IBT's Board of Directors and act on other matters as are required to be presented to them under Michigan law or as are otherwise presented to them by the Board of Directors. Generally, each holder of common stock is entitled to one vote per share and does not have any right to cumulate votes in the election of directors. No vote of IBT shareholders is required for

approval of the merger or Merger Agreement under Michigan law.

*Liquidation.* In the event of liquidation, dissolution or winding up of IBT, the holders of its common stock would be entitled to receive, after payment or provision for payment of all its debts and liabilities, all of the assets of IBT available for distribution.

*Preemptive Rights.* Holders of the common stock of IBT are not entitled to preemptive rights with respect to any shares that may be issued. The common stock is not subject to redemption.

The transfer agent for IBT common stock is Isabella Bank and Trust.

**Table of Contents**

**COMPARISON OF SHAREHOLDERS RIGHTS**

IBT and GCFC are both organized under the laws of the state of Michigan. Any differences, therefore, in the rights of holders of IBT capital stock and GCFC capital stock arise primarily from differences in their respective Articles of Incorporation and Bylaws. Upon completion of the merger, the Articles of Incorporation and Bylaws of IBT in effect immediately prior to the effective time of the merger will be the Articles of Incorporation and Bylaws of the surviving corporation in the merger. Consequently, after the effective time of the merger, the rights of the shareholders of GCFC who become shareholders of IBT will be determined by reference to the IBT Articles of Incorporation and Bylaws.

Set forth on the following pages is a summary comparison of the rights of an IBT shareholder under the IBT Articles of Incorporation and the IBT Bylaws (right column) and the rights of a shareholder under the GCFC Articles of Incorporation and the GCFC Bylaws (left column). The summary set forth below is not intended to provide a comprehensive summary of each company's governing documents. This summary is qualified in its entirety by reference to the full text of the IBT Articles of Incorporation and IBT Bylaws, and the GCFC Articles of Incorporation and GCFC Bylaws.

**GCFC**

**IBT**

**Authorized Capital**

1,000,000 shares of common stock, no par value. As of September 30, 2007, there were 773,103 shares of GCFC common stock issued and outstanding.

10,000,000 shares of common stock no par value. As of September 30, 2007, there were 6,325,773 shares of IBT common stock issued and outstanding.

**Number of Directors**

The Articles of Incorporation of GCFC provide that the number of directors shall be determined from time to time by the affirmative vote of at least 80% of the directors and a majority of continuing directors. There are currently eight (8) directors in office.

The Bylaws of IBT fix the required number of directors at not less than five, with the actual number determined by the Board of Directors. There are currently eleven directors in office. The corporation's Bylaws require that a majority of directors shall consist of individuals who are not employees of the corporation or an affiliated entity.

**Vacancies and Newly Created Directorships**

Vacancies occurring in the Board may be filled only by the Board of Directors acting by an affirmative vote of a majority of continuing directors and 80% affirmative vote of all directors in office. The person who fills any such vacancy holds office until the next election of the class for which the director shall have been chosen.

Vacancies are filled by a vote of the directors then in office. The person who fills any such vacancy holds office until the next election of the class for which the director shall have been chosen.

**Special Meeting of the Board**

Special meetings of the Board of Directors may be called by the Chairman of the Board or the President and shall be called by one of them on the written request of any five (5) directors, upon at least two (2) days' written notice or twenty-four (24) hours' personal, telephonic, or telegraphic

Special meetings of the Board of Directors may be called by the president or by the written request of at least three directors as long as twenty-four hours notice is given to each director.



notice.

**Table of Contents**

**GCFC**

**IBT**

**Special Meeting of Shareholders**

Special meetings of the shareholders may be called by the Chairman of the Board, the President, or the Secretary and shall be called by one of them pursuant to resolution therefore by the Board of Directors or upon receipt of a request in writing, stating the purpose or purposes thereof, and signed by shareholders of record owning a majority of the issued and outstanding voting shares of the corporation.

Special meetings of the shareholders may be called by the President or Secretary, and shall be called by either of them on the request, in writing or by vote, of a majority of the directors or by the holders of at least a majority of the shares of common stock issued and outstanding.

**Cumulative Voting**

No cumulative voting for election of directors is provided for shareholders of GCFC.

No cumulative voting for election of directors is provided for shareholders of IBT.

**Classes of Directors**

The Bylaws and Articles of Incorporation of GCFC provide that the Board of Directors shall be divided into three (3) classes, with the term of one class of directors expiring each year. Consequently, directors of a particular class are elected to a three-year term.

The Bylaws of IBT provide that the Board of Directors shall be divided into three classes, with the term of one class of directors expiring each year. Consequently, directors of a particular class are elected to a three-year term.

**Removal of Directors**

The Bylaws and Articles of Incorporation of GCFC provide that a director may be removed from office with or without cause by either the affirmative vote of a majority of the continuing directors and at least 80% of the Board of Directors or the affirmative vote of at least 80% of issued and outstanding voting shares.

IBT's Articles of Incorporation provide that a director may be removed from office only for cause by a majority of voting shares entitled to vote at an election of directors.

**Retirement of Directors**

The Bylaws and Articles of Incorporation of GCFC are silent on mandatory retirement of directors.

A member of the Board of Directors must retire from the board at the completion of the month in which he or she attains 70 years of age.

**State Anti-takeover Provisions**

*Fair Price Act.* Certain provisions of the Michigan Business Corporation Act, referred to as the Fair Price Act, establish a statutory scheme similar to the supermajority and fair price provisions found in many corporate charters. The Fair Price Act provides that a supermajority vote of 90% of the shareholders and no less than two-thirds of the votes of noninterested shareholders must approve a business combination. The Fair Price Act defines a business combination to include nearly any merger, consolidation, share exchange, sale of assets, stock issuance, liquidation, or reclassification of securities

*Fair Price Act.* Certain provisions of the Michigan Business Corporation Act, referred to as the Fair Price Act, establish a statutory scheme similar to the supermajority and fair price provisions found in many corporate charters. The Fair Price Act provides that a supermajority vote of 90% of the shareholders and no less than two-thirds of the votes of noninterested shareholders must approve a business combination. The Fair Price Act defines a business combination to include nearly any merger, consolidation, share exchange, sale of assets, stock issuance, liquidation, or reclassification

involving an interested shareholder or certain affiliates of securities involving an interested shareholder or an interested shareholder. An interested shareholder is certain affiliates of an interested shareholder. An generally any person who owns 10% or more of the interested shareholder is generally any person who owns outstanding voting shares of the corporation. An affiliate is 10% or more of the outstanding voting shares of the a person who directly or indirectly controls, is controlled corporation. An affiliate is a person who directly or by, or is under common control with a specified person. indirectly controls, is controlled by, or is under common control with a specified person.

**Table of Contents**

**GCFC**

*Control Share Act.* Certain portions of the Michigan Business Corporation Act, referred to as the Control Share Act, also regulate the acquisition of control shares of widely held Michigan corporations. The Control Share Act establishes procedures governing control share acquisitions. A control share acquisition is defined as an acquisition of shares by an acquiror which, when combined with other shares held by that person or entity, would give the acquiror voting power in the election of directors of the corporation at or above any of the following thresholds: 20%, 33% and 50%. Under the Control Share Act, an acquiror may not vote control shares that were acquired in a control share acquisition unless the corporation's disinterested shareholders (defined to exclude the acquiring person, officers of the target corporation and directors of the target corporation who are also employees of the corporation) vote to confer voting rights on the control shares. The Control Share Act does not affect the voting rights of shares owned by an acquiring person before the control share acquisition. The Control Share Act entitles corporations to redeem control shares from the acquiring person under certain circumstances. In other cases, the Control Share Act confers dissenters' rights upon all of a corporation's shareholders except the acquiring person.

**Super-Majority Vote On Certain Business Combinations**

The Articles of Incorporation and Bylaws of GCFC do not contain super-majority vote requirements for business combinations. Consequently, only a majority of all outstanding voting shares must be voted affirmatively on a business combination.

**Consent Action by Shareholders**

GCFC shareholders are not authorized to take action by written consent in lieu of a meeting.

**IBT**

*Control Share Act.* Certain portions of the Michigan Business Corporation Act, referred to as the Control Share Act, also regulate the acquisition of control shares of widely held Michigan corporations. The Control Share Act establishes procedures governing control share acquisitions. A control share acquisition is defined as an acquisition of shares by an acquiror which, when combined with other shares held by that person or entity, would give the acquiror voting power in the election of directors of the corporation at or above any of the following thresholds: 20%, 33% and 50%. Under the Control Share Act, an acquiror may not vote control shares that were acquired in a control share acquisition unless the corporation's disinterested shareholders (defined to exclude the acquiring person, officers of the target corporation and directors of the target corporation who are also employees of the corporation) vote to confer voting rights on the control shares. The Control Share Act does not affect the voting rights of shares owned by an acquiring person before the control share acquisition. The Control Share Act entitles corporations to redeem control shares from the acquiring person under certain circumstances. In other cases, the Control Share Act confers dissenters' rights upon all of a corporation's shareholders except the acquiring person.

The Articles of Incorporation of IBT have a super-majority vote on certain business combinations. A vote of 662/3% of all outstanding voting shares must be voted affirmatively on such business combination.

Under IBT's Articles of Incorporation, IBT shareholders are entitled to take action without a meeting if the minimum number of voting shares required to approve such action consent to taking such action in writing.

**Table of Contents**

**GCFC**

**IBT**

**Indemnification of Directors and Officers**

The Articles of Incorporation of GCFC provide for indemnification of its directors and executive officers to the fullest extent permitted by Michigan law. Michigan law generally provides for indemnification against liability incurred because a person is a director, officer, employee, or agent if that individual acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders; and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. If an indemnified individual is successful in defense of any such action, the corporation shall indemnify such individual for expenses actually and reasonably incurred in connection with such action.

Persons who are not directors or executive officers may be similarly indemnified to the extent authorized by the Board of Directors.

The Articles of Incorporation of IBT provide for indemnification of its directors, officers, employees and agents to the fullest extent permitted by Michigan law. Michigan law generally provides for indemnification against liability incurred because a person is a director, officer, employee or agent if that individual acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders; and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. If an indemnified individual is successful in defense of any such action, the corporation shall indemnify such director or officer for expenses actually and reasonably incurred in connection with such action.

**Director Limitation of Liability**

The Articles of Incorporation of GCFC provide that a director shall not be personally liable to the corporation or its shareholders for monetary damages for a breach of the director's fiduciary duty. However, limitation of liability protection will not be provided to a director for any breach of the duty of loyalty to the corporation or its shareholders, for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, liability under Section 551(1) of the Michigan Business Corporation Act, or for any transaction from which the director derived an improper personal benefit.

The Articles of Incorporation of IBT provide that a director shall not be personally liable to the corporation or its shareholders for monetary damages for a breach of the director's fiduciary duty. However, limitation of liability protection will not be provided to a director for any breach of the duty of loyalty to the corporation or its shareholders, for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, liability under Section 551(1) of the Michigan Business Corporation Act, or for any transaction from which the director derived an improper personal benefit.

**Amendments to Governing Instruments**

The Articles of Incorporation of GCFC may generally be amended by the affirmative vote of the holders of a majority of the issued and outstanding shares, provided that certain Articles may be amended only by the affirmative vote of at least 80% of the issued and outstanding shares. Under the Bylaws of GCFC, the Bylaws may be amended by a majority vote of the Board of Directors at any regular or special meeting, without prior notice of intent to do so, or by vote of the holders of a majority of the issued and outstanding voting shares of GCFC at any annual or special meeting, if notice of the

The Articles of Incorporation of IBT can be amended by the affirmative vote of the holders of 66 2/3% of the outstanding shares. Under the Bylaws of IBT, the Bylaws may be amended by a two-thirds vote of the Board of Directors or by a majority vote of shares in attendance at a duly called meeting. However, any amendment that relates to the classified board provisions of the Bylaws requires the approval of holders of a majority of outstanding shares.

proposed amendment, repeal, or adoption is contained in the notice of the meeting.

**Preemptive Rights**

GCFC's Articles of Incorporation do not provide for preemptive rights.

IBT's Articles of Incorporation do not provide for preemptive rights.

**Table of Contents**

**CERTAIN PROVISIONS OF THE IBT  
ARTICLES OF INCORPORATION AND BYLAWS**

The following discussion is a general summary of the material provisions of IBT's Articles of Incorporation and Bylaws and certain other regulatory provisions that may be deemed to have an anti-takeover effect. The following description of certain of these provisions is necessarily general and, with respect to provisions contained in IBT's Articles of Incorporation and Bylaws, reference should be made in each case to the document in question.

IBT's Articles of Incorporation and Bylaws contain a number of provisions, relating to corporate governance and rights of shareholders, that might discourage future takeover attempts. As a result, shareholders who might desire to participate in such transactions may not have an opportunity to do so. In addition, these provisions will also render the removal of the Board of Directors or management of IBT more difficult.

The following description is a summary of the provisions of the Articles of Incorporation and Bylaws. See [Where You Can Find More Information](#) as to how to review a copy of these documents.

*Restrictions on Call of Special Meetings.* The Bylaws provide that special meetings of shareholders can be called only by the President or the Secretary, or by either of them on the request in writing or by vote of a majority of directors or holders of at least a majority of the shares of capital stock of IBT issued and outstanding.

*Prohibition of Cumulative Voting.* The Articles of Incorporation prohibit cumulative voting for the election of directors.

*Authorized but Unissued Shares.* IBT has authorized but unissued shares of common stock. See [Description of Capital Stock of IBT](#). The Articles of Incorporation authorize ten million (10,000,000) shares of common stock, no par value. As of September 30, 2007, there were 6,325,773 shares of IBT common stock issued and outstanding.

*Amendments to Articles of Incorporation and Bylaws.* Amendments to the Articles of Incorporation must be approved by 662/3% of the outstanding shares of IBT's voting stock. The Bylaws may be amended by a two-thirds vote of the directors of IBT or the affirmative vote of a majority of shares in attendance at a duly constituted meeting of shareholders. However, any amendment that relates to the classified board provisions of the Bylaws requires the approval of holders of a majority of outstanding shares.

*Classified Board of Directors.* The IBT Board of Directors is divided into three classes, with the directors in each class being elected for a term of three years.

*For Cause Removal of Directors.* Directors of IBT may be removed from office at any time, but only for cause by the affirmative vote of the holders of a majority of the shares of IBT common stock entitled to vote thereon.

**COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION**

**IBT**

There is no established market for IBT's common stock or public information with respect to its market price. There are occasional sales by shareholders of which management of IBT is aware. The prices were reported to management in only some of the transactions and management cannot confirm the prices that were reported during these periods. All of the information has been adjusted to reflect the 10% stock dividend paid February 15, 2006.





**Table of Contents**

Period	Number of Sales	Number of Shares	Sale Price	
			Low	High
2005				
First Quarter	34	19,429	\$ 38.18	\$ 38.18
Second Quarter	53	59,717	38.18	38.18
Third Quarter	60	24,654	38.18	38.18
Fourth Quarter	41	25,893	38.18	40.00
	188	129,693		
2006				
First Quarter	27	19,003	\$ 44.00	\$ 44.00
Second Quarter	46	30,603	44.00	44.00
Third Quarter	45	13,524	44.00	44.00
Fourth Quarter	46	20,326	44.00	44.00
	164	83,456		
2007				
First Quarter	52	39,424	44.00	48.00
Second Quarter	100	31,081	44.00	44.00
Third Quarter	52	18,706	44.00	44.00
	204	89,211		

The following table sets forth the cash dividends paid for the following quarters, adjusted for the 10% stock dividend paid on February 15, 2006.

Period	Per Share		
	2007	2006	2005
First Quarter	\$ 0.12	\$ 0.11	\$ 0.10
Second Quarter	\$ 0.12	0.11	0.10
Third Quarter	\$ 0.12	0.11	0.10
Fourth Quarter		0.31	0.30
Total		\$ 0.64	\$ 0.60

**GCFC**

There is no established public trading market for GCFC common stock. As a result, there is no readily obtainable market price for GCFC common stock. From time to time, management of GCFC has been made aware of transactions in its common stock. Transactions in 2005, 2006 and 2007 about which management of GCFC is aware

are as follows:

In 2005, 26,200 shares at \$19.97 per share;

In 2006, 24,050 shares at \$18.79 per share; and

In 2007, 9,600 shares at \$20.61 per share.

Although other transactions may have occurred in its common stock, GCFC has not been provided with information as to the sales prices in any transactions other than as indicated.

It is GCFC's established practice to pay annual cash dividends. GCFC paid cash dividends of \$0.12 and \$0.20 per share in 2005 and 2006, respectively, and GCFC paid a cash dividend of \$0.25 per share in 2007. As of November 20, 2007, there were 773,103 shares of GCFC common stock issued and outstanding, and approximately 188 shareholders of record.

**Table of Contents**

**LEGAL OPINIONS**

The validity of the common stock to be issued in and the United States federal income tax consequences of, the merger transaction will be passed upon by Foster, Swift, Collins & Smith, P.C., Lansing, Michigan, counsel to IBT.

**EXPERTS**

The consolidated financial statements of IBT as of December 31, 2006 and 2005, and for each of the years in the three-year period ended December 31, 2006, have been incorporated by reference into this Proxy Statement-Prospectus herein in reliance upon the report of Rehmann Robson, P.C., independent registered public accounting firm, which report is incorporated by reference herein, and upon the authority of such firm as experts in accounting and auditing.

**SHAREHOLDER PROPOSALS**

If the merger is approved by GCFC shareholders and completed as planned, GCFC will not hold an annual shareholders meeting during 2008, and GCFC shareholders receiving shares of IBT common stock in the merger would be entitled to attend and vote at the 2008 IBT annual meeting (if shares of IBT common stock are still held by such person as of the record date for such meeting). In that case, any shareholder proposal intended to be presented at the 2008 IBT annual shareholder meeting must be received by IBT no later than December 24, 2007 in order to be included in the proxy statement relating to that meeting.

If the merger is not approved by GCFC shareholders or is otherwise not completed, GCFC would intend to hold its 2008 annual meeting as required by GCFC's Bylaws. In that case, any shareholder proposal intended to be presented at the 2008 GCFC annual shareholder meeting must be received by GCFC no later than February 22, 2008.

**WHERE YOU CAN FIND MORE INFORMATION**

IBT has filed a registration statement on Form S-4 to register with the SEC the offering of IBT common stock to be issued by IBT in the merger. This Proxy Statement-Prospectus is a part of that registration statement. As allowed by SEC rules, this Proxy Statement-Prospectus does not contain all of the information contained in the registration statement or the exhibits to the registration statement. This means that this proxy-statement prospectus incorporates important business and financial information about IBT that is not included in or delivered with this document.

IBT is subject to the informational requirements of the Securities Exchange Act of 1934, as amended. Accordingly, IBT files annual, quarterly, and current reports, proxy statements, and other information with the SEC. You may read and copy any reports, statements, or other information that we file at the SEC's Public Reference Room at 450 Fifth Street N.W., Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. IBT's SEC filings are also available to the public from commercial document retrieval services and at the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). The website contains reports, proxy and information statements, and other information regarding companies that file electronically with the SEC.

The SEC allows IBT to incorporate by reference information into this Proxy Statement-Prospectus. This means that IBT can disclose important information by referring to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this Proxy Statement-Prospectus, except for any information superseded by information in this Proxy Statement-Prospectus. This Proxy Statement-Prospectus incorporates by reference the documents set forth below that IBT has previously filed with the SEC. These documents contain important information about IBT and its finances.



**Table of Contents**

IBT Commission Filings (File No. 000-18415)  
Quarterly Report on Form 10-Q for the nine-month period ended September 30, 2007  
Current Report on Form 8-K filed November 15, 2007  
Current Report on Form 8-K filed September 28, 2007  
Current Report on Form 8-K filed August 24, 2007  
Current Report on Form 8-K filed August 6, 2007  
Quarterly Report on Form 10-Q for the six-month period ended June 30, 2007  
Current Report on Form 8-K filed May 7, 2007  
Definitive Proxy Statement on Schedule 14A filed April 26, 2007  
Quarterly Report on Form 10-Q for the three-month period ended March 31, 2007  
Current Report on Form 8-K filed March 22, 2007  
Annual Report on Form 10-K for year ended December 31, 2006

All documents subsequently filed by IBT with the SEC pursuant to Sections 13(a), 13(c), 14 and 15 of the Securities Exchange Act of 1934, as amended, between the date of this Proxy Statement-Prospectus and the date of the special meeting of the shareholders of GCFC are also incorporated by reference into this Proxy Statement-Prospectus.

Documents incorporated by reference are available from IBT without charge. You may obtain documents incorporated by reference in this Proxy Statement-Prospectus by requesting them in writing or by telephone from IBT at the following address:

IBT Bancorp, Inc.  
Attn: Dennis P. Angner, President & Chief Executive Officer  
200 East Broadway  
Mt. Pleasant, Michigan 48858  
(989) 772-9471

TO OBTAIN DELIVERY OF THIS INFORMATION PRIOR TO THE SPECIAL GCFC SHAREHOLDERS MEETING, YOU MUST REQUEST THE INFORMATION NO LATER THAN DECEMBER 10, 2007, WHICH IS FIVE BUSINESS DAYS BEFORE THE DATE OF THE SPECIAL MEETING AT WHICH YOU ARE REQUESTED TO VOTE.

NEITHER IBT NOR GCFC HAS AUTHORIZED ANYONE TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ABOUT THE MERGER OR OUR COMPANIES THAT IS DIFFERENT FROM, OR IN ADDITION TO, THAT CONTAINED IN THIS DOCUMENT OR IN ANY OF THE MATERIALS THAT HAVE BEEN INCORPORATED INTO THIS DOCUMENT. THEREFORE, IF ANYONE DOES GIVE YOU INFORMATION OF THIS SORT, YOU SHOULD NOT RELY ON IT. IF YOU ARE IN A JURISDICTION WHERE OFFERS TO EXCHANGE OR SELL, OR SOLICITATIONS OF OFFERS TO EXCHANGE OR PURCHASE, THE SECURITIES OFFERED BY THIS DOCUMENT OR THE SOLICITATION OF PROXIES IS UNLAWFUL, OR IF YOU ARE A PERSON TO WHOM IT IS UNLAWFUL TO DIRECT THESE TYPES OF ACTIVITIES, THEN THE OFFER PRESENTED IN THIS DOCUMENT DOES NOT EXTEND TO YOU. THE INFORMATION CONTAINED IN THIS DOCUMENT SPEAKS ONLY AS OF THE DATE OF THIS DOCUMENT UNLESS THE INFORMATION SPECIFICALLY INDICATES THAT ANOTHER DATE APPLIES.

**Table of Contents**

**FORWARD-LOOKING STATEMENTS**

This document, including information included or incorporated by reference in this document may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to:

(i) the financial condition, results of operations and business of IBT and GCFC;

(ii) statements about the benefits of the merger, including future financial and operating results, cost savings, enhancements to revenue and accretion to reported earnings that may be realized from the merger;

(iii) statements about our respective plans, objectives, expectations and intentions and other statements that are not historical facts; and

(iv) other statements identified by words such as expects, anticipates, intends, plans, believes, seeks, estimates, words of similar meaning. These forward-looking statements are based on current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

general economic conditions in the areas in which we operate;

our businesses may not be combined successfully, or such combination may take longer to accomplish than expected;

delays or difficulties in the integration by IBT of recently acquired businesses;

the growth opportunities and cost savings from the merger may not be fully realized or may take longer to realize than expected;

operating costs, customer losses and business disruption following the merger, including adverse effects of relationships with employees, may be greater than expected;

governmental approvals of the merger may not be obtained, or adverse regulatory conditions may be imposed in connection with governmental approvals of the merger;

adverse governmental or regulatory policies may be enacted;

the interest rate environment may change, causing margins to compress and adversely affecting net interest income;

the risks associated with continued diversification of assets and adverse changes to credit quality;

competition from other financial services companies in our markets;

the concentration of IBT's operations in Michigan may adversely affect results if the Michigan economy or real estate market declines; and

the risk of an economic slowdown that would adversely affect credit quality and loan originations.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in IBT's reports filed with the Securities and Exchange Commission.

All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters attributable to either of us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements above. Neither of us undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made.

**Table of Contents**

**AGREEMENT AND PLAN OF MERGER  
DATED AS OF AUGUST 21, 2007**

---



**Table of Contents****TABLE OF CONTENTS**

ARTICLE I	CERTAIN DEFINITIONS	A-1
1.1.	CERTAIN DEFINITIONS	A-1
ARTICLE II	THE MERGER	A-5
2.1.	MERGER	A-5
2.2.	CLOSING; EFFECTIVE TIME	A-5
2.3.	ARTICLES OF INCORPORATION AND BYLAWS; NAME	A-5
2.4.	DIRECTORS AND OFFICERS OF SURVIVING CORPORATION	A-5
2.5.	EFFECTS OF THE MERGER	A-5
2.6.	TAX CONSEQUENCES	A-5
2.7.	ADDITIONAL ACTIONS	A-5
2.8.	POSSIBLE ALTERNATIVE STRUCTURES	A-6
ARTICLE III	CONVERSION AND EXCHANGE OF GCFC SHARES	A-6
3.1.	CONVERSION OF GCFC COMMON STOCK; MERGER CONSIDERATION	A-6
3.2.	PROCEDURES FOR EXCHANGE OF GCFC COMMON STOCK	A-7
3.3.	ADJUSTMENTS	A-8
3.4.	RESERVATION OF SHARES	A-9
3.5.	GCFC STOCK OPTIONS	A-9
ARTICLE IV	REPRESENTATIONS AND WARRANTIES OF GCFC	A-9
4.1.	REPRESENTATIONS AND WARRANTIES OF GCFC	A-9
ARTICLE V	REPRESENTATIONS AND WARRANTIES OF IBT	A-21
5.1.	REPRESENTATIONS AND WARRANTIES OF IBT	A-21
ARTICLE VI	COVENANTS OF GCFC	A-25
6.1.	CONDUCT OF BUSINESS	A-25
6.2.	CURRENT INFORMATION	A-28
6.3.	ACCESS TO PROPERTIES AND RECORDS	A-28
6.4.	FINANCIAL AND OTHER STATEMENTS	A-28
6.5.	MAINTENANCE OF INSURANCE	A-29
6.6.	DISCLOSURE SUPPLEMENTS	A-29
6.7.	CONSENTS AND APPROVALS OF THIRD PARTIES	A-29
6.8.	ALL REASONABLE EFFORTS	A-29
6.9.	FAILURE TO FULFILL CONDITIONS	A-29
6.10.	NO SOLICITATION	A-29
ARTICLE VII	COVENANTS OF IBT	A-30
7.1.	FINANCIAL AND OTHER STATEMENTS	A-30
7.2.	DISCLOSURE SUPPLEMENTS	A-30
7.3.	CONSENTS AND APPROVALS OF THIRD PARTIES	A-30
7.4.	ALL REASONABLE EFFORTS	A-30
7.5.	FAILURE TO FULFILL CONDITIONS	A-30
7.6.	EMPLOYEE BENEFITS	A-31
7.7.	DIRECTORS AND OFFICERS INDEMNIFICATION; INSURANCE	A-31



**Table of Contents**

ARTICLE VIII	REGULATORY AND OTHER MATTERS	A-32
8.1.	MEETINGS OF SHAREHOLDERS	A-32
8.2.	PROXY STATEMENT PROSPECTUS; MERGER REGISTRATION STATEMENT	A-32
8.3.	REGULATORY APPROVALS	A-32
8.4.	AFFILIATES	A-33
8.5.	AMENDED AND RE-STATED MANAGEMENT CONTINUITY AGREEMENTS	A-33
8.6.	POST-CLOSING OPERATIONS	A-33
8.7.	BOARD MATTERS	A-33
8.8.	EXECUTION AND AUTHORIZATION OF BANK MERGER AGREEMENT	A-33
8.9.	PUT RIGHTS	A-33
ARTICLE IX	CLOSING CONDITIONS	A-33
9.1.	CONDITIONS TO EACH PARTY S OBLIGATIONS UNDER THIS AGREEMENT	A-33
9.2.	CONDITIONS TO THE OBLIGATIONS OF IBT UNDER THIS AGREEMENT	A-34
9.3.	CONDITIONS TO THE OBLIGATIONS OF GCFC UNDER THIS AGREEMENT	A-35
ARTICLE X	THE CLOSING	A-35
10.1.	TIME AND PLACE	A-35
10.2.	DELIVERIES AT THE CLOSING	A-35
ARTICLE XI	TERMINATION, AMENDMENT AND WAIVER	A-35
11.1.	TERMINATION	A-35
11.2.	EFFECT OF TERMINATION	A-36
11.3.	AMENDMENT, EXTENSION AND WAIVER	A-37
ARTICLE XII	MISCELLANEOUS	A-37
12.1.	CONFIDENTIALITY	A-37
12.2.	PUBLIC ANNOUNCEMENTS	A-38
12.3.	SURVIVAL	A-38
12.4.	NOTICES	A-38
12.5.	PARTIES IN INTEREST	A-38
12.6.	COMPLETE AGREEMENT	A-39
12.7.	COUNTERPARTS	A-39
12.8.	SEVERABILITY	A-39
12.9.	GOVERNING LAW	A-39
12.10.	INTERPRETATION	A-39
12.11.	SPECIFIC PERFORMANCE	A-39

**Table of Contents**

**AGREEMENT AND PLAN OF MERGER**

This Agreement and Plan of Merger is dated as of August 21, 2007 (the Agreement ), by and between IBT Bancorp, Inc., a Michigan financial services holding company ( IBT ) and Greenville Community Financial Corporation, a Michigan bank holding company ( GCFC ).

WHEREAS, the Board of Directors of each of IBT and GCFC (i) has determined that this Agreement and the business combination and related transactions contemplated hereby are in the best interests of their respective companies and shareholders and (ii) has determined that this Agreement and the transactions contemplated hereby are consistent with and in furtherance of their respective business strategies, and (iii) has approved this Agreement at meetings of each of such Boards of Directors;

WHEREAS, in accordance with the terms of this Agreement, GCFC will merge with IBT with IBT as the surviving entity (the Merger ). Concurrently, shareholders of GCFC shall exchange their shares of GCFC for shares of IBT;

WHEREAS, the parties currently intend that the Merger shall qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code ) and that this Agreement be and is adopted as a plan of reorganization for the purposes of Code Sections 354 and 361;

WHEREAS, simultaneously with the execution and delivery of this Agreement, Greenville Community Bank, a Michigan chartered commercial bank and a wholly owned subsidiary of GCFC ( GCB ) and Isabella Bank and Trust, a Michigan chartered commercial bank and a wholly owned subsidiary of IBT ( Isabella and sometimes referred to herein as the Surviving Institution ), will enter into a Plan of Merger (the Bank Merger Agreement ) providing for the merger (the Subsidiary Merger ) of GCB with and into Isabella, and it is intended that the Subsidiary Merger be consummated immediately following the consummation of the Merger; and

WHEREAS, the parties desire to make certain representations, warranties and agreements in connection with the business transactions described in this Agreement and to prescribe certain conditions thereto.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements herein contained, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I CERTAIN DEFINITIONS**

1.1. Certain Definitions. As used in this Agreement, the following terms have the following meanings (unless the context otherwise requires, references to articles and sections refer to articles and sections of this Agreement).

*Affiliates* shall mean any Person who directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person and, without limiting the generality of the foregoing, includes any executive officer or director of such Person and any Affiliates of such executive officer or director.

*Agreement* shall mean this agreement, and any amendment hereto.

*Bank Merger Agreement* shall mean the plan of merger entered into between GCB and Isabella, and any amendment thereto.

*Bank Regulator* shall mean any Federal or state banking regulatory agency with supervisory authority over GCFC, GCB, IBT, Isabella or a subsidiary of any of them.

*Business Day* shall mean any day of the year on which Isabella Bank and Trust in Mt. Pleasant, Michigan, is open to the public for conducting business and is not required or authorized to close.

*Certificate* shall mean a certificate evidencing shares of GCFC Common Stock.

*Closing* shall have the meaning set forth in Section 2.2.

*Closing Date* shall have the meaning set forth in Section 2.2.

A-1

---

**Table of Contents**

*COBRA* shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

*Code* shall mean the Internal Revenue Code of 1986, as amended.

*Dissenting Shareholder* shall have the meaning set forth in Section 3.1(d).

*Dissenting Shares* shall have the meaning set forth in Section 3.1(d).

*Effective Time* shall mean the date and time specified pursuant to Section 2.2 hereof as the effective time of the Merger.

*Environmental Laws* shall mean any applicable Federal, state or local law, statute, ordinance, rule, regulation, code, license, permit, authorization, approval, consent, order, judgment, decree, injunction or agreement with any governmental entity relating to (1) the protection, preservation or restoration of the environment (including, without limitation, air, water vapor, surface water, groundwater, drinking water supply, surface soil, subsurface soil, plant and animal life or any other natural resource) and/or (2) the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of Materials of Environmental Concern. The term *Environmental Laws* includes without limitation (a) the comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. § 9601, et seq.; the resource Conservation and Recovery Act, as amended, 42 U.S.C. §901, et seq.; the Clean Air Act, as amended, 42 U.S.C. §7401, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251, et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. §2601, et seq.; the Emergency Planning and Community Right to Know Act, 42 U.S.C. §11001, et seq.; the Safe Drinking Water Act, 42 U.S.C. §300f, et seq.; and all comparable state and local laws, and (b) any common law (including without limitation common law that may impose strict liability) that may impose liability or obligations for injuries or damages due to the presence of or exposure to any Materials of Environmental Concern.

*ERISA* shall mean the Employee Retirement Income Security Act of 1974, as amended.

*Exchange Act* shall mean the Securities Exchange Act of 1934, as amended.

*Exchange Agent* shall mean Isabella, or such other bank or trust company or other agent designated by IBT, and reasonably acceptable to GCFC, which shall act as agent for IBT in connection with the exchange of the Certificates for the Merger Consideration.

*Exchange Fund* shall have the meaning set forth in Section 3.2(a).

*Exchange Ratio* shall mean the number of shares of IBT Common Stock into which one (1) share of GCFC Common Stock shall be converted at the Effective Time, which shall be as set forth below:

Subject to Section 3.3, one (1) share of IBT Common Stock for one (1) share of GCFC Common Stock, based on a maximum of 773,103 shares of GCFC Common Stock outstanding.

*FDIC* shall mean the Federal Deposit Insurance Corporation or any successor thereto.

*FRB* shall mean the Board of Governors of the Federal Reserve System or any successor thereto.

*GAAP* shall mean accounting principles generally applied in the United States of America.

*GCB* shall mean Greenville Community Bank, with its principal offices located at 1405 West Washington Street, Greenville, Michigan, 48838.

*GCFC* shall mean Greenville Community Financial Corporation, a Michigan corporation, with its principal executive offices located at 1405 West Washington Street, Greenville, Michigan, 48838.

*GCFC Common Stock* shall mean the common stock, no par value, of GCFC.

*GCFC Disclosure Schedule* shall mean a written disclosure schedule delivered by GCFC to IBT specifically referring to the appropriate section of this Agreement.

*GCFC Financial Statements* shall mean (i) the audited statements of financial condition (including related notes and schedules, if any) of GCFC as of December 31, 2006, 2005 and 2004 and the statements of income,

**Table of Contents**

changes in shareholders' equity and cash flows (including related notes and schedules, if any) of GCFC for each of the three years ended December 31, 2006, 2005 and 2004 and (ii) the unaudited interim consolidated financial statements of GCFC as of the end of the six-month period ended June 30, 2007.

*GCFC Shareholders Meeting* shall have the meaning set forth in Section 8.1.

*GCFC Stock Benefit Plans* shall mean any and all stock-based benefit plans and amendments thereto of GCFC.

*GCFC Subsidiary* shall mean any corporation or entity, 50% or more of the equity interest of which is owned, either directly or indirectly, by GCFC, except any corporation or entity the equity interest of which is held in the ordinary course of the lending activities of GCB.

*Governmental Entity* shall mean any Federal or state court, administrative agency or commission or other governmental authority or instrumentality.

*IBT* shall mean IBT Bancorp, Inc., a Michigan corporation, with its principal executive offices located at 200 East Broadway Street, Mt. Pleasant, Michigan, 48858.

*IBT Common Stock* shall mean the common stock, no par value per share, of IBT.

*IBT Disclosure Schedule* shall mean a written disclosure schedule delivered by IBT to GCFC specifically referring to the appropriate section of this Agreement.

*IBT Financial Statements* shall mean the (i) the audited consolidated statements of financial condition (including related notes and schedules) of IBT as of December 31, 2006, 2005 and 2004 and the consolidated statements of income, changes in shareholders' equity and cash flows (including related notes and schedules, if any) of IBT for each of the three years ended December 31, 2006, 2005 and 2004, as set forth in IBT's annual report for the year ended December 31, 2006, and (ii) the unaudited interim consolidated financial statement of IBT as of the end of the three-month period ended March 31, 2007, as filed by IBT in its Securities Documents.

*IBT Stock Benefit Plans* shall mean any and all stock-based benefit plans and amendments thereto of IBT.

*IBT Subsidiary* shall mean any corporation or entity, 50% or more of the equity interest of which is owned, either directly or indirectly, by IBT, except any corporation or entity, the equity interest of which is held in the ordinary course of the lending activities of Isabella.

*IRS* shall mean the United States Internal Revenue Service.

*Isabella* shall mean Isabella Bank and Trust, with its principal offices located at 200 East Broadway, Mt. Pleasant, Michigan, 48858.

*Knowledge* as used with respect to a Person (including references to such person being aware of a particular matter) shall mean those facts that are known by the current executive officers and directors of such Person, and includes any and all facts, matters or circumstances set forth in any written notice from any Bank Regulator or any other material written notice received by such executive officer or director of that Person.

*Loan Property* shall have the meaning set forth in Section 4.1(r).



*Material Adverse Effect* shall mean, with respect to IBT or GCFC, respectively, any effect that (i) is material and adverse to the financial condition, results of operations or business of IBT and the IBT Subsidiaries taken as a whole, or GCFC and the GCFC Subsidiaries taken as a whole, respectively, or (ii) does or would materially impair the ability of either GCFC, on the one hand, or IBT, on the other hand, to perform its obligations under this Agreement or otherwise materially threaten or materially impede the consummation of the transactions contemplated by this Agreement; provided that *Material Adverse Effect* shall not be deemed to include the impact of (a) changes in laws and regulations affecting banks generally or interpretations thereof by courts or governmental agencies, (b) changes in GAAP or regulatory accounting principles generally applicable to financial institutions and their holding companies, (c) actions and omissions of a party hereto (or any of its subsidiaries) taken with the prior written consent of the other party, (d) compliance with this Agreement on the business, financial condition or results of operations of the parties and their respective subsidiaries, including the expenses incurred by the parties hereto in consummating the transactions

**Table of Contents**

contemplated by this Agreement (consistent with the information included in the Disclosure Schedules) and (e) any change in the value of the securities portfolio of IBT or GCFC, respectively, whether held as available for sale or held to maturity, resulting from a change in interest rates value of the securities portfolio of IBT or GCFC, respectively, whether held as trading, available for sale or held to maturity, resulting from a change in interest rates generally.

*Materials of Environmental Concern* shall mean pollutants, contaminants, wastes, toxic substances, petroleum and petroleum products, and any other materials regulated under Environmental Laws.

*MBCA* shall mean the Michigan Business Corporation Act, as amended.

*Merger* shall mean the merger of GCFC with and into IBT pursuant to the terms hereof.

*Merger Consideration* shall mean the IBT Common Stock (and cash for any fractional share), to be paid by IBT for each share of GCFC Common Stock, as set forth in Section 3.1.

*Merger Registration Statement* shall mean the registration statement, together with all amendments, filed with the SEC under the Securities Act for the purpose of registering shares of IBT Common Stock to be offered to holders of GCFC Common Stock in connection with the Merger.

*Michigan Banking Law* shall mean the Michigan Banking Code of 1999, as amended, and the rules and regulations promulgated thereunder, as amended, as administered by OFIS.

*OFIS* shall mean the Office of Financial and Insurance Services of the state of Michigan.

*Participation Facility* shall have the meaning set forth in Section 4.1(r).

*PBGC* shall mean the Pension Benefit Guaranty Corporation or any successor thereto.

*Pension Plan* shall have the meaning set forth in Section 4.1(n).

*Person* shall mean any individual, corporation, limited liability company, partnership, joint venture, association, trust group (as that term is defined under the Exchange Act) or entity.

*Proxy Statement Prospectus* shall have the meaning set forth in Section 8.2.

*Regulatory Agreement* shall have the meaning set forth in Section 4.1(m).

*Regulatory Approvals* shall mean the approval of any Bank Regulator that is necessary in connection with the consummation of the Merger and the related transactions contemplated by this Agreement.

*Rights* shall mean warrants, options, rights, convertible securities, stock appreciation rights and other arrangements or commitments which obligate an entity to issue or dispose of any of its capital stock or other ownership interests or which provide for compensation based on the equity appreciation of its capital stock.

*SEC* shall mean the Securities and Exchange Commission or any successor thereto.

*Securities Act* shall mean the Securities Act of 1933, as amended.

*Securities Documents* shall mean all reports, offering circulars, proxy statements, registration statements and all similar documents filed pursuant to the Securities Laws.

*Securities Laws* shall mean the Securities Act; the Exchange Act; the Investment Company Act of 1940, as amended; the Investment Advisers Act of 1940, as amended; the Trust Indenture Act of 1939, as amended, and the rules and regulations of the SEC promulgated thereunder.

*Subsidiary Merger* shall mean the merger of GCB with and into Isabella pursuant to the Bank Merger Agreement.

*Surviving Corporation* shall have the meaning set forth in Section 2.1 hereof.

*Surviving Institution* shall have the meaning set forth in the preamble hereof.

*Termination Date* shall mean February 1, 2008.

Other terms used herein are defined in the preamble and elsewhere in this Agreement.

**Table of Contents**

ARTICLE II THE MERGER

2.1. Merger. Subject to the terms and conditions of this Agreement, at the Effective Time, GCFC shall merge with IBT, with IBT as the resulting or surviving corporation (the Surviving Corporation ). As part of the Merger, each share of GCFC Common Stock shall be converted into the right to receive the Merger Consideration pursuant to the terms of Article III hereof.

2.2. Closing; Effective Time. Subject to the satisfaction or waiver of all conditions to closing contained in Article IX hereof and in the Subsidiary Merger Agreement, the Closing shall occur no later than five (5) Business Days following the latest to occur of (i) the receipt of all required Regulatory Approvals, and the expiration of any applicable waiting periods, (ii) the approval of the Merger by the shareholders of GCFC, or (iii) at such other date or time upon which IBT and GCFC mutually agree (the Closing ). The Merger shall be effected by the filing of a certificate of merger with the Department of Labor and Economic Growth of the state of Michigan (the Department ) on the day of the Closing (the Closing Date ), in accordance with the MBCA. The Effective Time means the date and time upon which the certificate of merger is filed with the Department, or as otherwise stated in the certificate of merger, in accordance with the MBCA.

2.3. Articles of Incorporation and Bylaws; Name. The Articles of Incorporation and Bylaws of IBT as in effect immediately prior to the Effective Time shall be the Articles of Incorporation and Bylaws of the Surviving Corporation, until thereafter amended as provided therein and by applicable law. The name of the Surviving Corporation shall be IBT Bancorp, Inc.

2.4. Directors and Officers of Surviving Corporation. Subject to Section 8.7, the board of directors of the Surviving Corporation shall consist of the incumbent directors of IBT immediately preceding the Effective Time, each to hold office in accordance with the Articles of Incorporation and Bylaws of the Surviving Corporation. At the Effective Time, Isabella shall establish by resolution of its board of directors a regional board to preserve the institutional knowledge of GCB immediately before the Merger and to provide advice to the Isabella Board of Directors about business and operations, community and customer needs in the market area, regional economic conditions and such other advisory responsibilities as determined by the Isabella board of directors. The members of the initial regional board shall consist of all incumbent members of the GCB board of directors immediately preceding the Effective Time. Regional board member compensation shall be the same as that provided by GCB prior to the Effective Time provided, however, that Isabella may conduct periodic reviews of director compensation to assess reasonableness and consistency. The officers of the Surviving Corporation at the Effective Time shall be as set forth in Exhibit A.

2.5. Effects of the Merger. At and after the Effective Time, the Merger shall have the effects as set forth in Chapter Seven of the MBCA with respect to the merger of domestic corporations.

2.6. Tax Consequences. It is intended that the Merger shall constitute a reorganization within the meaning of Section 368(a) of the Code and that this Agreement shall constitute a plan of reorganization as that term is used in Sections 354 and 361 of the Code. From and after the date of this Agreement and until the Closing, each party hereto shall use its reasonable best efforts to cause the Merger to qualify, and will not knowingly take any action, cause any action to be taken, fail to take any action or cause any action to fail to be taken which action or failure to act could prevent the Merger from qualifying as a reorganization under Section 368(a) of the Code other than is contemplated by this Agreement. Following the Closing, neither IBT nor GCFC nor any of their Affiliates shall knowingly take any action, cause any action to be taken, fail to take any action or cause any action to fail to be taken, which action or failure to act could cause the Merger to fail to qualify as a reorganization under Section 368(a) of the Code.

2.7. Additional Actions. At any time after the Effective Time, the Surviving Corporation may determine that deeds, assignments or assurances or any other acts are necessary or desirable to vest, perfect or confirm, of record or

otherwise, in the Surviving Corporation its rights, title or interest in, to or under any of the rights, properties or assets of GCFC acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger, or to otherwise carry out the purposes of this Agreement. GCFC grants to the Surviving Corporation an irrevocable power of attorney to execute and deliver all such deeds, assignments and assurances and to do all acts necessary, proper or convenient to accomplish this purpose. This irrevocable power of attorney shall

A-5

---

**Table of Contents**

only be operative following the Effective Time and at such time, the officers and directors of the Surviving Corporation shall be fully authorized in the name of GCFC to take any and all such actions contemplated by this Agreement.

2.8. Possible Alternative Structures. Notwithstanding anything to the contrary contained in this Agreement and subject to the satisfaction of the conditions set forth in Article IX, prior to the Effective Time, IBT shall be entitled to revise the structure of the Merger described in Section 2.1 hereof and/or the Subsidiary Merger provided that (i) there are no adverse Federal or state income tax consequences to GCFC shareholders as a result of the modification; (ii) the consideration to be paid to the holders of GCFC Common Stock under this Agreement is not thereby changed in kind or value (or the composition thereof), or reduced in amount; and (iii) such modification will not delay materially or jeopardize receipt of any required Regulatory Approvals or other consents and approvals relating to the consummation of the Merger and/or the Subsidiary Merger. The parties hereto agree to appropriately amend this Agreement and any related documents in order to reflect any such revised structure.

ARTICLE III CONVERSION AND EXCHANGE OF GCFC SHARES

3.1. Conversion of GCFC Common Stock; Merger Consideration. At the Effective Time, by virtue of the Merger and without any action on the part of IBT, GCFC or the holders of any of the shares of GCFC Common Stock, the Merger shall be effected in accordance with the following terms:

(a) IBT Common Stock. Each share of IBT Common Stock that is issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding following the Effective Time and shall be unchanged by the Merger.

(b) GCFC Common Stock to be Cancelled. All shares of GCFC Common Stock owned by IBT or any direct or indirect wholly owned subsidiary of IBT or of GCFC immediately prior to the Effective Time, other than shares held directly or indirectly in trust accounts, managed accounts and the like or otherwise held in a fiduciary capacity that are beneficially owned by third parties, shall cease to exist, and the certificates for such shares shall be canceled as promptly as practicable thereafter, and no payment or distribution shall be made in consideration therefor.

(c) GCFC Common Stock. Except as set forth above, each share of GCFC Common Stock issued and outstanding immediately prior to the Effective Time (other than Dissenting Shares) shall become and be converted into, as provided in and subject to the limitations set forth in this Agreement, the right to receive shares of IBT Common Stock and cash based on the Exchange Ratio (the Merger Consideration ).

(d) Dissenting Shares. Each outstanding share of GCFC Common Stock the holder of which has perfected his right to dissent under the MBCA and has not effectively withdrawn or lost such right as of the Effective Time (the Dissenting Shares ) shall not be converted into or represent a right to receive the Merger Consideration hereunder, and the holder thereof shall be entitled only to such rights as are granted by the MBCA. GCFC shall give IBT prompt notice upon receipt by GCFC of any such demand for payment of the fair value of such shares of GCFC Common Stock and of withdrawals of such demands and any other instruments provided pursuant to applicable law (any shareholder duly making such demand being hereinafter called a Dissenting Shareholder ), and IBT shall have the right to participate in all negotiations and proceedings with respect to any such demand for payment, or waive any failure to timely deliver a written demand for appraisal or the taking of any other action by such Dissenting Shareholder as may be necessary to perfect dissenters rights under the MBCA. Any payments made with respect to Dissenting Shares shall be made by the Surviving Corporation.

(e) Former Dissenting Shares. If any Dissenting Shareholder shall effectively withdraw or lose (through failure to perfect or otherwise) his right to payment as a Dissenting Shareholder at or prior to the Effective Time, such holder s

shares of GCFC Common Stock shall be converted into a right to receive the Merger Consideration in accordance with the applicable provisions of this Agreement.

A-6

---

**Table of Contents**

(f) Cancellation. At the Effective Time, shares of GCFC Common Stock shall automatically be canceled and shall no longer be outstanding, and shall be converted into the right to receive the Merger Consideration.

(g) Fractional Shares. Notwithstanding anything to the contrary contained herein, no certificates or script representing fractional shares of IBT Common Stock shall be issued upon the surrender and exchange of Certificates, no dividend or distribution with respect to IBT Common Stock shall be payable on or with respect to any fractional share interest, and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a shareholder of IBT. In lieu of the issuance of any such fractional share, IBT shall pay to each former holder of GCFC Common Stock who otherwise would be entitled to receive a fractional share of IBT Common Stock, an amount in cash, rounded to the nearest cent and without interest, equal to the product of (i) the fraction of a share to which such holder would otherwise have been entitled and (ii) \$44.00. For purposes of determining any fractional share interest, all shares of GCFC Common Stock owned by a GCFC shareholder shall be combined so as to calculate the maximum number of whole shares of IBT Common Stock issuable to such GCFC Shareholder.

3.2. Procedures for Exchange of GCFC Common Stock.

(a) IBT to Make Merger Consideration Available. No later than the Closing Date, IBT shall deposit, or shall cause to be deposited, in an account with the Exchange Agent for the benefit of the holders of GCFC Common Stock, for exchange in accordance with this Section 3.2, certificates representing the shares of IBT Common Stock and an amount of cash sufficient to pay the aggregate amount of cash payable pursuant to this Article III (such cash and certificates for shares of IBT Common Stock, together with any dividends or distributions with respect thereto (without any interest thereon) being hereinafter referred to as the Exchange Fund ).

(b) Exchange of Certificates. IBT shall take any steps necessary to cause the Exchange Agent, within five (5) business days after the Effective Time, to mail to each holder of a Certificate or Certificates, a form letter of transmittal for return to the Exchange Agent and instructions for use in effecting the surrender of the Certificates in exchange for the Merger Consideration. The letter of transmittal shall be in customary form and shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Exchange Agent. Upon proper surrender of a Certificate for exchange and cancellation to the Exchange Agent, together with a properly completed letter of transmittal, duly executed, the holder of such Certificate shall be entitled to receive in exchange therefore the Merger Consideration to which such holder of GCFC Common Stock shall have become entitled pursuant to Section 3.1(c) and 3.1(g) hereof, and the Certificate so surrendered shall forthwith be cancelled. No interest will be paid or accrued on any cash payable hereunder or any unpaid dividends and distributions, if any, payable to holders of Certificates.

(c) Rights of Certificate Holders After the Effective Time. After the Effective Time, the holders of the Certificates shall have no rights (excluding dissenter's rights of those shareholders properly exercising dissenter's rights) with respect to the shares of GCFC Common Stock formerly represented by those Certificates except to surrender those Certificates in excha