

INDEPENDENT BANK CORPORATION 2016 ANNUAL SHAREHOLDERS MEETING

April 26, 2016



INDEPENDENT
BANK

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements of goals, intentions, and expectations as to future trends, plans, events, or results of Independent Bank Corporation's operations and policies, including, but not limited to, Independent Bank Corporation's outlook on earnings and the sufficiency of the allowance for loan losses, and statements regarding asset quality, projections of future revenue, earnings or other measures of economic performance, Independent Bank Corporation's plans and expectations regarding non-performing assets, business opportunities, and general economic conditions. Forward-looking statements include expressions such as "will," "may," "should," "believe," "expect," "forecast," "anticipate," "estimate," "project," "intend," "likely," "optimistic" and "plan," and similar words or phrases, which are necessarily statements of belief as to expected outcomes of future events. These statements are based on current and anticipated economic conditions, nationally and in Independent Bank Corporation's markets, interest rates and interest rate policy, competitive factors, and other conditions which by their nature are not susceptible to accurate forecast and are subject to significant uncertainty. Because of these uncertainties and the assumptions on which this presentation and the forward-looking statements are based, actual future operations and results may differ materially from those indicated in this presentation. For a discussion of certain factors, risks and uncertainties which could cause actual future operations and results to differ from estimates and projections discussed in these forward-looking statements, please read the "Risk Factors" section in Independent Bank Corporation's 2015 Annual Report on Form 10-K. You should not place undue reliance on any such forward-looking statement. These forward-looking statements are not guarantees of future performance. Independent Bank Corporation does not undertake to publicly revise or update forward-looking statements in this presentation to reflect events or circumstances that arise after the date of this presentation.



Today's Agenda

- Welcome and Call to Order – IBC Chairman
- Virtual Annual Shareholder Meeting Process and Instructions – IBC Chairman
- Voting upon matters listed in the Company's 2016 Proxy Statement – IBC Chairman
- Business Update by IBC President & CEO
- Question and answer session – IBC President & CEO and IBC EVP & CFO
- Adjournment

IBC Board of Directors

- William J. Boer
- Joan A. Budden
- Stephen L. Gulis Jr.
- Terry L. Haske
- William B. Kessel
- Michael M. Magee Jr., Chairman
- James E. McCarty, Lead Outside Director
- Matthew J. Missad
- Charles C. Van Loan

IBC Executive Officers

- William B. Kessel – President and Chief Executive Officer
- Robert N. Shuster – EVP/Chief Financial Officer
- Mark L. Collins – EVP/General Counsel
- Stefanie M. Kimball – EVP/Chief Risk Officer
- Dennis J. Mack – EVP/Chief Commercial Lending Officer
- David C. Reglin – EVP/Retail Banking

2016 Annual Meeting of Shareholders

- Secretary for the meeting (Robert Shuster)
- Record date: February 26, 2016
- Approximate distribution date of Proxy Statement: March 11, 2016
- Shares entitled to vote: 21,598,586
- Determination of quorum
- Voting on proposals

Proposal #1

Election of Directors



William J. Boer



Joan A. Budden



Charles C. Van Loan

Proposal #2

Ratification of Appointment of Independent Auditors

- Crowe Horwath LLP has served as IBC's independent registered public accounting firm since 2005
- Crowe Horwath was founded in 1942 and is one of the 10 largest accounting and consulting firms in the U.S.
- IBC is served primarily by Crowe Horwath's Grand Rapids, Michigan and South Bend, Indiana offices



Proposal #3

Advisory Vote on Executive Compensation

The Board has solicited a non-binding advisory vote from our shareholders to approve the compensation of our executives as described in our proxy materials.

INDEPENDENT BANK CORPORATION

Business Update by Brad Kessel, President & CEO

2015 Financial Summary

	2015	2014	2013
Diluted EPS	\$ 0.86	\$ 0.77	\$ 3.55
Income before income taxes	29,380	25,216	22,658
Net income	20,017	18,021	77,509
NI available to common	20,017	18,021	82,062
Total assets	2,409,066	2,248,730	2,209,943
Total loans	1,515,050	1,409,962	1,374,570
Total deposits	2,085,963	1,924,302	1,884,806
Shareholders' equity	251,092	250,371	231,581
Tangible BV per share	11.18	10.79	10.01
TCE to tangible assets	10.34%	11.03%	10.35%

Note: Dollars in 000's, except per share data.

2015 Financial Highlights

Income Statement

- Net income of \$20.0 million, or \$0.86 per diluted share, representing increases over 2014 of 11.1% and 11.7%, respectively.
- Improved asset quality metrics led to \$2.7 million credit loan loss provision. Loan net charge-offs declined by 77.9% year-over-year, to just \$0.7 million in 2016.
- Non-interest income increased by \$1.4 million, or 3.5%, year-over-year due primarily to gain on branch sale.
- Non-interest expense declined by \$1.5 million, or 1.7%, year-over-year.

Balance Sheet/Capital

- Total portfolio loans grew \$105.1 million, or 7.5% year-over-year (led by commercial loan growth of \$57.4 million, or 8.3%).
- NPA's reduced \$3.8 million, or 17.6% year-over-year. NPA's equaled 0.74% of total assets at 12/31/15.
- Total deposits grew \$161.7 million, or 8.4% year-over-year.
- TBV per share increased by 3.6% to \$11.18 at 12/31/15, from \$10.79 at 12/31/14.
- Bought back 967,199 shares in 2015.



Completed Initiatives in 2015

- New products, services and technology
 - Refreshed and simplified checking account line-up
 - Consumer payment offering (Apple Pay)
 - Mortgage loan origination platform (EllieMae Encompass)
 - Human Resources management platform (UltiPro)
 - Equity-linked certificate of deposit (Altitude CD)
 - Business continuity planning investments (data centers)
 - Branch and backroom platform improvements (streamline workflow and enhance sales)
- Addition of a new director

IBC, Community Banking, and the Michigan Market

- Ranked 15th in deposit market share within the State of Michigan with 1.04% in 2015 (1.09% in 2014);
- Ranked 5th largest bank headquartered in the State of Michigan;
- 63 locations in 21 counties, we hold the number one or two community bank market share position in the following nine counties; Arenac (2); Bay (2) Eaton (2); Huron(1); Ingham (2); Ionia (1); Newaygo (1); Saginaw (2); and Tuscola (2);
- Company deposits are largest in the following markets (by MSA): Detroit-Warren-Dearborn (\$294 million); Lansing-East Lansing (\$262 million); Bay City (\$197 million) and Ionia (\$152 million);
- The aggregate population growth rate for our markets over next 5 years is projected at 0.61% as compared to the State of MI rate of 0.57% and the national rate at 3.69%;
- The markets forecasted with the largest growth rates are: Grand Rapids, 3.57%; Lansing, 1.55%; and Muskegon, 0.98%;
- Ranked 21st in mortgage market share in the State of Michigan with 0.93% in 2014 (1.13% in 2013). The top five in the state in 2014 were: Quicken, Lake Michigan CU, Fifth Third, Chase and MP LLC.
- The top competitors with branches within one mile of any of our locations are: Chemical Bank (21); Fifth Third (19); Huntington (19); PNC (18); Chase (14); Comerica and First Merit (8 each); Flagstar, Isabella, Mercantile and Talmer (6 each); and Choice One (5);
- On a county basis the commercial market size/focus is as follows: Large (Wayne); Medium (Oakland, Macomb, Kent, Genesee, Ingham); Rural Commercial (Huron, Sanilac, Arenac); Rural Diverse (Tuscola, Mecosta, Newaygo); Small Commercial (Saginaw, Jackson, Muskegon, Eaton, Isabella); and Small Diverse (Bay, Lapeer, Montcalm, Ionia).

1Q'16 Financial Summary

14

	1Q'16	4Q'15	3Q'15	2Q'15	1Q'15
Diluted EPS	\$ 0.19	\$ 0.25	\$ 0.22	\$ 0.24	\$ 0.16
Income before taxes	6,057	8,251	7,325	8,243	5,561
Net income	4,100	5,570	5,047	5,619	3,781
Return on average assets	0.68%	0.93%	0.86%	0.98%	0.67%
Return on average equity	6.70%	8.80%	7.84%	8.86%	6.05%
Total assets	\$2,487,120	\$2,409,066	\$2,394,861	\$2,288,954	\$2,329,296
Total portfolio loans	1,538,982	1,515,050	1,467,999	1,450,007	1,422,959
Total deposits	2,154,706	2,085,963	2,060,962	1,961,417	2,000,473
Shareholders' equity	239,545	251,092	252,980	254,375	253,625
Tangible BV per share	11.16	11.18	11.11	11.06	10.94
TCE to tangible assets	9.55%	10.34%	10.48%	11.02%	10.79%

Note: Dollars in 000's, except per share data.



1Q'16 Financial Highlights

Income Statement

- Net income of \$4.1 million, or \$0.19 per diluted share.
- Net interest income of \$19.8 million, up \$1.7 million, or 9.2%, from year ago quarter.
- \$0.5 million credit loan loss provision.
- Gains on mortgage loans of \$1.6 million, down \$0.5 million, or 23.2% from year ago quarter.
- Impairment charge on MSR's of \$1.45 million (\$0.043 per diluted share after tax).
- Continue to focus on long-term profitability through organic growth.

Balance Sheet/Capital

- Total portfolio loans grew \$23.9 million, or 6.4% annualized.
- Investment securities totaled \$590 million at 3/31/16 compared to \$585 million at 12/31/15.
- Deposits totaled \$2.15 billion at 3/31/16 compared to \$2.09 billion at 12/31/15.
- Repurchased 1.06 million shares at an average price of \$14.63 per share.
- TBV per share decreased slightly to \$11.16 at 3/31/16 from \$11.18 at 12/31/15.
- Paid an eight cent per share cash dividend on common stock on 2/16/16.



■ Balance Sheet

- Generate quality loan growth with continued focus on commercial and consumer installment lending as well as salable mortgage loans. May consider augmenting loan growth with selective in-market whole loan purchases.
- Remain asset sensitive and positioned to benefit from higher interest rates (short duration investment portfolio, large variable rate loan portfolio and strong core deposit base with a significant amount of small to medium balance transaction accounts).
- Prudent capital management. Target TCE ratio – 9.50% to 10.50% near-term and 8.50% to 9.50% longer-term. Priorities are: (A) capital retention to support (1) organic growth and (2) acquisitions; and (B) return of capital through (1) strong and consistent dividend and (2) share repurchase.
- 2016 share repurchase plan approved for up to 5% of outstanding common shares. 1.06 million shares (4.8% of outstanding common shares) repurchased in 1Q'16.
- Quarterly cash dividend rate currently at eight cents per share.

■ Income Statement

- Generate increased net interest income through change in earning asset mix (increased loans to deposits ratio and reduced level of investment securities).
- Increase non-interest income with focus on transaction related revenue (treasury management and debit card) and mortgage banking revenue.
- Continued reductions in non-interest expenses (credit related costs, branch optimization, process re-engineering and outsourcing).
- Improved efficiency ratio: Low 70% range near-term and mid 60% range longer-term. Achieve improvements through combination of revenue growth and expense reductions.
- ROA of 1% or better by end of 2016.

■ Enterprise Risk Management

- Continued asset quality improvements.
- Meet increased compliance and regulatory requirements.
- Focus on data security and loss prevention.

Recognition of Retired Directors



Robert L. Hetzler



Charles A. Palmer

Independent Bank Corporation

2016 Annual Shareholders Meeting

Question and Answer Session

- Brad Kessel, President & CEO
- Rob Shuster, Chief Financial Officer

Independent Bank Corporation

2016 Annual Shareholders Meeting

Voting Results

- Shares entitled to vote: 21,598,586
- Proposal #1 – Election of Directors
- Proposal #2 – Ratification of Auditors
- Proposal #3 – Advisory (Non-Binding) Vote on Executive Compensation

Independent Bank Corporation

2016 Annual Shareholders Meeting

Closing Remarks

Thank you for attending!

NASDAQ: IBCP



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