INDEPENDENT BANK CORP /MI/
Form FWP
August 19, 2013

* Independent Bank CorporationFollow-on Offering of Common Stock$86,000,000 August 2013 Issuer Free Writing ProspectusFiled Pursuant to Rule 433Registration Statement No. 333-190513August 19, 2013

* 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, potential benefits of the offering to which this presentation relates, 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 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 the prospectus relating to the offering which accompanies this presentation. 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.Independent Bank Corporation has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents Independent Bank Corporation has filed with the SEC for more complete information about Independent Bank Corporation and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, Independent Bank Corporation or a representative will arrange to send you the prospectus if you request it by calling Keefe Bruyette & Woods, Inc. toll-free (800) 966-1559.

 * Transaction Overview Issuer: Independent Bank Corporation Ticker / Exchange: IBCP / NASDAQ Closing Price (8/16/13): $7.94 Type of Offering: Follow-on Public Offering Type of Security: Common Stock Transaction Size: $86 million Over-Allotment Option: 15% Use of Proceeds: To redeem the Series B Convertible Preferred Stock and related warrant held by the U.S. Treasury ("Treasury") for $81.0 million.   Book-Running Manager: Keefe, Bruyette & Woods Co-Managers: Sandler O'Neill + PartnersBoenning & Scattergood

* Investment Thesis Compelling absolute and relative valuation with potential for upside as the stock trades to a more normalized valuationResults-oriented management team as evidenced by improved earnings and credit metricsExcellent, low cost core deposit base drives a strong net interest marginOrganic growth available through multiple Michigan markets with balanced commercial and retail community banking modelLong-term earnings growth potential available through cost saving initiatives and upside from eventual higher rate environmentFranchise expansion opportunities available through participation in Michigan consolidation opportunities in adjacent markets

* Offering Rationale Simplifies capital structure with TARP exitImproves capitalization to fund organic growthBetter positioned to take advantage of consolidation opportunities Note: The ratio of tangible common equity, or TCE, to tangible assets, or TA, is a non-GAAP-based financial measure. In order to calculate tangible common equity and tangible assets, the Company's management subtracts intangible assets from both common equity and assets. The most directly comparable GAAP-based measure is the ratio of stockholders' equity to assets. Assumes the underwriters' over-allotment is not exercised.As of June 30, 2013. Sources Sources Uses Uses Net Proceeds (1) $81.0 Cash Payment to Treasury ($81.0) Parent Co. Cash $7.7 Trust Preferred Accrued Interest (2) ($7.7) Total Sources $88.7 Total Uses ($88.7) Consolidated Capital Ratios Sources and Uses of Funds ($M)

* Overview of Independent Bank Corporation Headquartered in Ionia, MICelebrating 149 years71 offices across Michigan's Lower Peninsula 4th largest bank headquartered in Michigan (by assets)Single state-chartered bank subsidiary (Independent Bank)$2.1 billion in total assets$1.8 billion in total depositsJ.D. Power, Perfect 5-Star Power Circle Customer Satisfaction rating three of the past four yearsRanked #1 in our five state market for customer satisfaction in 2012 West Central Southeast East / Thumb IBCP Branch

* Experienced Management Team New leadership team in place since 2007 has successfully managed through the credit cycle Age Years in Banking Industry Years with IBCP Experience Brad KesselPresident & CEO 48 26 years (1) 19 years Mr. Kessel was appointed President effective April 1, 2011, and appointed CEO effective January 1, 2013. He was appointed EVP - Chief Operations Officer of Independent Bank in September 2007 in conjunction with the consolidation of our bank charters. He joined Independent Bank Corporation in 1994 as Vice President of Finance. In 1996 he was appointed SVP of Branch Administration for Independent Bank, a position he held until being named as President and CEO of our lead bank in 2004 (prior to the four bank charter consolidation in 2007). Mr. Kessel is a certified public accountant and received his undergraduate degree from Miami University (Ohio) and his MBA from Grand Valley State University. Robert ShusterEVP & CFO 55 30 years 13 years Mr. Shuster was appointed EVP and CFO of the Company in 2001. Prior to this appointment, he was President and CEO of Independent Bank MSB since 1999 and was President and CEO of Mutual Savings Bank, fsb since 1994. Mr. Shuster is a certified public accountant and received his degree from the University of Michigan. Stefanie Kimball EVP & CRO 53 31 years 6 years Ms. Kimball was appointed Chief Risk Officer in 2012. She joined the Company in April 2007 as EVP – Chief Lending Officer. Prior to joining Independent Bank, she had been with Comerica Incorporated for 25 years. Ms. Kimball held several notable positions during her Comerica tenure including SVP Credit Administration for Middle Market, Small Business, Private Banking as well as Retail Lending. In addition she assumed the role of SVP, Credit Risk Management and was responsible for the design and implementation of the bank's Basel enterprise credit risk initiatives. Ms. Kimball received her undergraduate degree from Oakland University and her MBA from the University of Detroit. Mark Collins EVP & General Counsel 55 28 years (2) 4 years Mr. Collins joined the Company as General Counsel in 2009. In June 2010, he was also appointed as President and CEO of Mepco Finance Corporation, a wholly-owned subsidiary of Independent Bank. Prior to joining the Company, Mr. Collins was a partner with Varnum LLP, a Grand Rapids-based law firm, where he specialized in commercial law and creditors' rights. Mr. Collins received his law degree in 1982 from the Villanova University School of Law. Jim MackEVP & CLO 52 29 years 4 years Mr. Mack was appointed EVP – Commercial Lending in July 2012. He joined the Company in May 2009 as SVP – Credit Administration. Prior to joining Independent Bank, he had been with Comerica for 25 years, most recently serving as SVP - Credit Administration for the Business Banking, Private Banking and SBA national divisions. Mr. Mack received his Bachelors of Business Administration from Western Michigan University. David ReglinEVP - Retail Banking 53 31 years 31 years Mr. Reglin, was appointed EVP – Retail Banking in September 2007 in conjunction with our bank charter consolidations. Prior to September 2007, he had been the President and CEO of Independent Bank West Michigan since 1999 and prior to that time he was SVP of the bank since 1991. Mr. Reglin is also the President of Independent Title Services, Inc. He originally joined Independent Bank Corporation in 1981. Mr. Reglin received his bachelor’s degree from Central Michigan University. Experience includes positions within the financial services group at a large accounting firm.Experience includes specialization in commercial law and creditors' rights at a large, Grand Rapids-based law firm.

* Core Banking Markets West Central Southeast East / “Thumb” Significant market presence and opportunity to gain market share in the attractive growth markets of western and central MichiganWhile unemployment is trending favorably throughout the state, western and central Michigan have generally remained better than the overall Michigan average IBCP Branch Note: Data as of 6/30/13. Dollars are in millions.Loans exclude those related to resort lending and payment plan receivables related to Mepco.Deposits exclude reciprocal deposits, brokered deposits and certain other “non-market” deposits.

Unemployment Trends (%) Median Home Sales Price (Thousands) Total Employees Michigan (Thousands) Median Home Sales Price by Region (Thousands) Michigan EconomyContinues to Stabilize * Sources: Bureau of Labor Statistics, Homepricetrend.com and Realtor.org. Michigan has closed the unemployment gap Stable and affordable home prices Prices are rising in key markets Job growth continues

* Cost of Deposits (%) Deposit Composition – Q2'13 ($ in Millions) Statewide Low Cost Deposit FranchiseFocused on Core Deposit Growth Deposit Highlights $1.82 billion total depositsSubstantially all core funding$1.40 billion of transaction accounts (77% of total deposits)Cost of deposits of 0.32%Over the last year we have sold 21 branches and $403 million of deposits. Further, over the past two years we consolidated 15 branches to enhance the efficiency of our branch networkExcluding the branch sale, our deposits have grown by 2.9% over the past 12 monthsWe maintain strong deposit market share across our markets of operations, with a top 10 ranking in 9 out of 11 MSAsLoyal customer base gives us pricing leverageBrokered CDs total only $13 million, or 1% of total deposits as of June 30, 2013 versus $629 million, or 25% of total deposits as of December 31, 2009

* Diversified Loan PortfolioFocused on High Quality Growth Lending Highlights $1.4 billion total loansCurrent loan origination efforts focus on:High quality, profitable commercial loan segments;Residential mortgage loans eligible for sale in the secondary market; andConsumer installment loansStrengthened commercial loan capabilities in C&I and CRE underwriting and processes starting in 2007We work as teams across business lines and have certain team goals and incentives. We use the concept of Strategic Partners – meaning that every Branch Manager and Community Banker is assigned a specific team member in each business line 35% 13% Loan Composition – Q2'13 ($ in Millions) Yield on Loans (%)

* Commercial BankingBusiness Model, Philosophy & Structure Experienced, relationship-focused lending team with average experience of over 19 years. Total of 21 lenders and three loan group managersAverage loan size of $217,000; $300,000 is longer term targetAverage relationship size of $350,000; $500,000 is longer term targetComprehensive pricing model allows us to be competitive but still earn adequate returnsLarger banks overlook much of our client target marketBusiness Bankers focus segment is core Small Business to lower end of Middle Market$2 million to $50 million in salesLoan relationships of $250,000 to $5 million (average relationship size of $350,000) Community Bankers focus segment is micro-business<$2 million in salesLoan relationships <$250,000 (average relationship size of $50,000) Target segmentsGeneral C & I (including owner occupied real estate), no specific concentrationsHigh net worth individuals – Private Banking profile Investor real estate but limit to 45% of portfolio with little development or speculative riskSmall Business depositsCredit enhancement programs (i.e. SBA, USDA)

* We operate a Customer Service Focused, Community Banking model through 71 banking offices across the lower peninsula of MichiganOur service culture, called the Eagle Experience, is supported by our internal guiding principal: “Impress Every Customer Every Day, Every Time”We have been awarded the J.D. Power, Perfect 5-Star Power Circle Customer Satisfaction rating three of the past four years, with one of those years awarded the #1 bank in a five-state areaEach of our 71 branches is run by a manager who can make consumer loans, open new accounts and run a teller window when necessary. We staff to a model in order to manage efficiency and cost. As a result, our managers are required to be “in store” the majority of their time and, as a result, are known as our “inside” sales associatesTypically, three to five of these managers report up to one of 17 Vice President - Community Bankers. The primary responsibility of the Community Banker is to grow their branches through calling on small businesses in their area’s communitiesThe 17 Community Bankers report to one of two Senior VP’s of Retail BankingWe believe that the checking account and the mortgage loan are the foundation of a long term customer relationshipOur history of emphasizing checking acquisition and mortgage banking has produced a very stable and low cost source of funds, strong non-interest revenue, and opportunities for cross-selling additional products and servicesWhile our customers enjoy our relationship-based, “know your customer” philosophy, we still offer the most current technology-based products and services that they expect Retail BankingBusiness Model, Philosophy & Structure

* Positive Earnings Trends Six consecutive quarters of positive net incomePotential earnings upside to be driven by: Redemption of higher cost trust preferred securitiesContinued lower credit costsLower FDIC expenseBranch rationalization savingsRedeployment of resources across the bankUtilization of excess capacity to grow revenuePoised to benefit in a rising rate environmentRecent reversal of deferred tax asset valuation allowance demonstrates both a forecast of future profitability and a forecast of stable to improving asset quality Net Income (1) ($ in Millions) Return on Average Assets (1) (%) Note: All dollars in millions.Net income and return on average assets exclude $5.4 million of income related to our branch sale in Q4’12 and the $57.6 million of tax benefit related to the reversal of the valuation allowance on our deferred tax asset in Q2’13. Earnings Highlights

* Fundamental Operations Pre-tax, Pre-Provision Earnings ($ in Thousands) Longer term pre-tax, pre-provision ROA target of 1.50%+

* Strong and Stable Net Interest Margin Diversification of the loan and securities portfolio, in combination with a low cost deposit base, positions us to benefit from a rising rate environmentQ2'13 net interest margin is in the top 15% of all Midwest banks with assets between $1 and $5 billion (1)Net interest income has shrunk along with the balance sheet, but has stabilized over the last quarterQ2'12 – Q4'12 margin was compressed as a result of us increasing liquidity to complete the sale of 21 branches in the fourth quarter Net Interest Margin Highlights Net Interest Margin (%) Net Interest Income ($ in Millions) Note: All dollars in millions.Source: SNL Financial. Includes public institutions traded on NYSE or NASDAQ.

* Focus on Reducing Non-interest Expense Non-interest Expense (1) ($ in Millions) Expense Reduction Focus Internal group focus on improving the our efficiency ratio to 60% - 65% over time through both reduction in non-interest expense and increased revenuesExpense reductions focused on five major components:Compensation and benefitsCredit related costsOccupancy costsData processing expensesFDIC insurance Excludes non-recurring items.Note: Efficiency ratio is defined as non-interest expense, excluding amortization of intangibles and non-recurring expense, as a percent of net interest income and non-interest income, excluding realized gains on securities and non-recurring items. 60%-65% target efficiency ratio

* Strong Non-Interest Income Generation YTD Non-interest Income Breakout ($M) Non-interest Income Trends Diverse sources of non-interest incomeNon-interest income represents approximately 40% of total revenueRanks in the top 15% among Midwest banks with assets between $1 billion and $5 billion in non-interest income / total revenue (1)Focus on expanding already strong mortgage banking operationsWe retain servicing on most of the mortgages we originateCurrently we service $1.7 billion in mortgages (19,000 clients)Continue to increase transaction processing revenues (interchange and merchant processing) Non-Interest Income Highlights Source: SNL Financial. Includes public institutions with between $1 billion and $5 billion that are traded on NYSE or NASDAQ.Note: Q4'12 non-interest income excludes the gain related to the branch sale of $5.4 million.

* Strong Pro Forma Capital Levels Note: The ratio of tangible common equity, or TCE, to tangible assets, or TA, is a non-GAAP-based financial measure. In order to calculate tangible common equity and tangible assets, the Company's management subtracts intangible assets from both common equity and assets. The most directly comparable GAAP-based measure is the ratio of stockholders' equity to assets. Assumes the underwriters' over-allotment is not exercised.Source: SNL Financial. Peer group defined as select Midwest public banks with between $1 and $4 billion in assets that are traded on NYSE or NASDAQ. Bank Holding Company Capital (%) Bank Capital (%) Following the offering, the capital structure will be simplified, bringing common capital levels above peer levelsAdditional capital can be used to fund future growthRecent reversal of the valuation allowance on the deferred tax asset combined with future profitability implies future upside to regulatory capital ratiosTrust preferred is grandfathered as tier 1 capital under Basel IIIOur capital ratios currently exceed the Basel III requirements Capital Structure Highlights

* Steady Credit Quality Improvement Non-performing Loans ($ in Millions) ORE / ORA ($ in Millions) 30-89 Days Delinquent ($ in Millions) Non-performing Assets ($ in Millions) Note: Non-performing loans and non-performing assets exclude troubled debt restructurings. 28% decrease from Q113, 39% YTD 25% decrease from Q113, 32% YTD 18% decrease from Q113, 29% YTD 26% reduction over Q113, 36% YTD

* Improving Credit Costs * Provision ($ in Millions) Net Charge-Offs ($ in Millions) Allowance ($ in Millions)

* Troubled Debt Restructurings (TDRs)Over 90% of TDRs are Current TDRs ($M) % Current Working with client base to maximize sustainable performanceThe specific reserves allocated to TDRs totaled $13.0 million at June 30, 2013A majority of our TDRs are performing under their modified terms but remain in TDR status for the life of the loan90% of TDRs are current as of 6/30/13Commercial TDR Statistics:131 loans$45.8 million book balance92.8% performingWAR of 4.91% (accruing loans)Well seasoned portfolio; over 75% of accruing loans are not only performing but have been over a year since modificationRetail TDR Statistics909 loans$89.7 million book balance92.8% performingWAR of 4.72% (accruing loans)Well seasoned portfolio; over 94% of accruing loans are not only performing but it has been over a year since modification TDR Highlights TDRs ($ in Millions)

* TDR Segmentation (1) Commercial TDRs by Type (6/30/13) Retail TDRs by Type (6/30/13) Also includes loans on non-accrual at the time of modification until six payments are received on a timely basis.

* Investment Securities Portfolio Total Investments: $354MNet Unrealized Loss: $1.7M Investment Portfolio Highlights High quality, liquid, diverse portfolio with short durationOver 74% of the portfolio is AAA rated6.2 year average weighted life with a weighted average yield of 1.64%Over 62% of the portfolio is variable rate Investment Portfolio by Type (6/30/13) Investment Portfolio by Rating (6/30/13)

* Investment Summary Compelling absolute and relative valuation with potential for upside as the stock trades to a more normalized valuationResults oriented management team as evidenced by improved earnings and improved credit metricsExcellent, low cost core deposit base drives a strong net interest marginOrganic growth available through multiple Michigan markets with balanced commercial and retail community banking modelLong-term earnings growth potential available through cost saving initiatives and upside from eventual higher rate environmentFranchise expansion opportunities available through participation in Michigan consolidation opportunities in adjacent markets

* Appendix

* Historical Financial Performance ROAA (%) ROACE (%) Diluted Earnings per Share Total Assets ($ in Billions) * In the second quarter of 2013, earnings included a $57.6 million positive income effect due to the reversal of substantially all of our deferred tax assets. Indicated financials are adjusted to exclude this tax event.

* Medium sized urban, commercial focused marketThere are 11,833 total businesses in this region's footprintThere are 95,795 households in this region's footprintThe average household income in this region is $51,361, which is below the State of Michigan average of $58,514The estimated 5 year commercial loan and deposit growth is roughly 5.0% Independent Bank has 11 branches in this regionThere are 143 branches of competitor financial institutionsA majority of the competition in this region are Regional banks, i.e. banks that operate in 5 or more statesAccording to FDIC Data, Independent Bank ranks 9th in this region in deposit market share with a total market share of 2.47%IB has a total of $199 million and $189 million in deposits as of June of 2013 and June of 2012 respectively at branches in this region Large market with little existing market shareEconomy is stable and growingLarge number of core C & I credits in our stated target of $2M-$50MNow focusing on C & I market with new leadership in this marketMedical related provides good opportunity Grand Rapids Market Summary Market Information IB Position in Market Geographic Footprint Market Strategy Source: Fiserv BankAnalyst.

* Ionia / West Michigan / Rural Market Summary Market Information IB Position in Market Geographic Footprint Market Strategy Small sized rural, commercial focused marketThere are 4,225 total businesses in this region's footprintThere are 31,633 households in this region's footprintThe average household income in this region is $46,524, which is below the State of Michigan average of $58,514The estimated 5 year commercial loan and deposit growth is roughly 3.8% Independent Bank has 12 branches in this regionThere are 43 branches of competitor financial institutionsA majority of the competition in this region are Intrastate banks, i.e. banks that operate in only 1 stateAccording to FDIC Data, Independent Bank ranks 1st in this region in deposit market share with a total market share of 35.54%IB has a total of $335 million and $338 million in deposits as of June of 2013 and June of 2012 respectively at branches in this region Rural market with strong market share Excellent source of low cost core depositsServed by Community BankersGood residential mortgage and consumer lending opportunities to include FHA and VASmall business expansion potential to include SBA and USDA Source: Fiserv BankAnalyst.

* Lansing Market Summary Market Information IB Position in Market Geographic Footprint Market Strategy Small sized urban/rural, commercial focused marketThere are 13,169 total businesses in this region's footprintThere are 138,278 households in this region's footprintThe average household income in this region is $60,540, which is above the State of Michigan average of $58,514The estimated 5 year commercial loan and deposit growth is roughly 4.3% Independent Bank has 13 branches in this regionThere are 137 branches of competitor financial institutionsA majority of the competition in this region are Community banks, i.e. banks that operate only in one area of the State of MichiganAccording to FDIC Data, Independent Bank ranks 10th in this region in deposit market share with a total market share of 3.94%IB has a total of $273 million and $256 million in deposits as of June of 2013 and June of 2012 respectively at branches in this region Mid-size market with low market shareEconomy is not fast growing but stable with state capital and MSU as a baseNumber of core C & I credits is not as prevalent but the service sector, non-profits (trade associations), medical and investor real estate provide ample opportunitiesAbility to expand commercial lending to wider area from St Johns to Southern MI where more core C & I credits are located Source: Fiserv BankAnalyst.

* Bay City, Saginaw, Midland Market Summary Market Information IB Position in Market Geographic Footprint Market Strategy Medium sized urban, commercial focused marketThere are 10,474 total businesses in this region's footprintThere are 98,565 households in this region's footprintThe average household income in this region is $54,714 which is below the State of Michigan average of $58,514The estimated 5 year commercial loan and deposit growth is roughly 4.7% Independent Bank has 14 branches in this regionThere are 152 branches of competitor financial institutionsA majority of the competition in this region are Intrastate banks, i.e. banks that operate only in the State of MichiganAccording to FDIC Data, Independent Bank ranks 6th in this region in deposit market share with a total market share of 5.35%IB has a total of $378 million and $384 million in deposits as of June of 2013 and June of 2012 respectively at branches in this region Mid-size market with low market shareEconomy has improved substantiallyHistorically little lending done in the Saginaw market where there are a good number of core C & I credits in our stated target of $2MM-$50MMNow focusing on C & I market with new leadership in this marketMedical related provides good opportunityGreat name recognition for IB in mortgage originations can be leveraged for commercial lending opportunities Source: Fiserv BankAnalyst.

* “Thumb” Market Summary Market Information IB Position in Market Geographic Footprint Market Strategy Small sized rural, commercial focused marketThere are 6,818 total businesses in this region’s footprintThere are 41,616 households in this region’s footprintThe average household income in this region is $48,103, which is below the State of Michigan average of $58,514The estimated 5 year commercial loan and deposit growth is roughly 4.9% Independent Bank has 14 branches in this regionThere are 61 branches of competitor financial institutionsA majority of the competition in this region are Community banks, i.e. banks that operate only in one area of the State of MichiganAccording to FDIC Data, Independent Bank ranks 1st in this region in deposit market share with a total market share of 17.87%IB has a total of $300 million and $293 million in deposits as of June of 2013 and June of 2012 respectively at branches in this region Rural market with strong market share Excellent source of low cost core depositsServed by Community BankersGood residential mortgage and consumer lending opportunities to include FHA and VASmall business expansion potential to include SBA and USDA Source: Fiserv BankAnalyst.

 * Southeast Michigan Market Summary Market Information IB Position in Market Geographic Footprint Market Strategy Large sized urban, commercial focused marketThere are 12,353 total businesses in this region's footprintThere are 80,140 households in this region's footprintThe average household income in this region is $96,462, which is above the State of Michigan average of $58,514The estimated 5 year commercial loan and deposit growth is roughly 4.8% Independent Bank has 7 branches in this regionThere are 142 branches of competitor financial institutionsA majority of the competition in this region are National banks, i.e. banks that operate in at least 20 statesAccording to FDIC Data, Independent Bank ranks 13th in this region in deposit market share with a total market share of 1.02%IB has a total of $215 million and $204 million in deposits as of June of 2013 and June of 2012 respectively at branches in this region Very large market with little existing market shareConcentrated in Oakland County which remains a high income, lower unemployment regionLarge number of core C & I credits in our stated target of $2MM-$50MM in salesManufacturing base led by automotive provides many lending and treasury management opportunitiesMedical related provides good opportunity Source: Fiserv BankAnalyst.

* Overview of the Detroit Bankruptcy and Our Exposure What Happened:On July 18, 2013, the city of Detroit filed for Chapter 9 bankruptcy protection, marking the largest ever Chapter 9 filing in historyDetroit's debts are estimated to be in the $18-$20 billion range consisting of over 100,000 creditorsDebt Breakdown:Much of the city's debt consists of underfunded pension liabilities and other post-retirement benefitsWhat Happens Next:On October 23rd, there will be a hearing for any objections to Detroit's eligibility for Chapter 9 bankruptcy, and March 1st, 2014 is the deadline for the City to file a bankruptcy planHow Does this Affect Independent Bank:We do not have any direct exposure to bonds, debt or any other financial instrument issued by the city of Detroit and are not a creditor to the cityIndependent Bank's total exposure to loans with collateral located in the City of Detroit and businesses with addresses in the City totals $29.1 million ($28.2 million Commercial, $950,000 Retail) which represents 2.1% of the Bank's total loans as of June 30, 2013. Of $29.1 million, only $300,000 (1.03%) is risk rated watch or worse. None of these businesses has any substantial receivables.Due to there being such a small amount of the Bank's loan portfolio being located in the City of Detroit and the fact that 99% of the loans are risk rated pass or better, the Bank's exposure to loss tied to the Chapter 9 bankruptcy filing is very minimal.

---

* Mepco Update   Mepco Finance Corporation ("Mepco") is a wholly-owned subsidiary that acquires payment plans for vehicle service contracts from marketersMepco incurred charge-offs after its largest counterparty experienced financial difficulties and ultimately filed for bankruptcy on 3/1/2010As of June 30, 2013, the net payment plan receivables held by Mepco represented only 3.6% of our consolidated assets, down from a high of 15.0% at July 31, 2009 Payment Plan Balances ($ in Millions) Future of Mepco Mepco Overview We intend to operate Mepco at a smaller level so that we can focus on our core community banking businessThe receivables that Mepco acquires have less than a two year duration and so we have been able to alter acquisition terms of newly acquired receivables to ensure greater protection from counterparty risk

* Down 20% from Q113, 30% YTD Classified Assets and New Default Trends Total Classified Assets ($ in Millions) Commercial New Defaults ($ in Millions) Total New Defaults ($ in Millions) Retail New Defaults ($ in Millions)