



Independent Bank Corporation

***Earnings Call
Fourth Quarter 2022
January 26, 2023***

(NASDAQ: IBCP)

Be Independent 

Cautionary note regarding forward-looking statements

This presentation contains forward-looking statements about Independent Bank Corporation. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are based on the information available to, and assumptions and estimates made by, management as of the date hereof. These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future plans and prospects of Independent Bank Corporation. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated. The COVID-19 pandemic is adversely affecting Independent Bank Corporation, its customers, counterparties, employees, and third-party service providers, and the ultimate extent of the impacts on its business, financial position, results of operations, liquidity, and prospects is uncertain. Continued deterioration in general business and economic conditions or turbulence in domestic or global financial markets could adversely affect Independent Bank Corporation's revenues and the values of its assets and liabilities, reduce the availability of funding from certain financial institutions, lead to a tightening of credit, and increase stock price volatility. In addition, changes to statutes, regulations, or regulatory policies or practices could affect Independent Bank Corporation in substantial and unpredictable ways. Independent Bank Corporation's results could also be adversely affected by changes in interest rates; further increases in unemployment rates; deterioration in the credit quality of its loan portfolios or in the value of the collateral securing those loans; deterioration in the value of its investment securities; legal and regulatory developments; litigation; increased competition from both banks and non-banks; changes in the level of tariffs and other trade policies of the United States and its global trading partners; changes in customer behavior and preferences; breaches in data security; failures to safeguard personal information; effects of mergers and acquisitions and related integration; effects of critical accounting policies and judgments; and management's ability to effectively manage credit risk, market risk, operational risk, compliance risk, strategic risk, interest rate risk, liquidity risk and reputation risk.

Certain risks and important factors that could affect Independent Bank Corporation's future results are identified in its Annual Report on Form 10-K for the year ended December 31, 2021 and other reports filed with the SEC, including among other things under the heading "Risk Factors" in such Annual Report on Form 10-K. Any forward-looking statement speaks only as of the date on which it is made, and Independent Bank Corporation undertakes no obligation to update any forward-looking statement, whether to reflect events or circumstances after the date on which the statement is made, to reflect new information or the occurrence of unanticipated events, or otherwise.

- **Formal Remarks.**
 - William B. (Brad) Kessel, President and Chief Executive Officer
 - Gavin A. Mohr, Executive Vice President and Chief Financial Officer
 - Joel Rahn, Executive Vice President – Commercial Banking

- **Question and Answer session.**

- **Closing Remarks.**

Note: This presentation is available at www.IndependentBank.com in the Investor Relations area under the “Presentations” tab.

4Q22 Earnings

- Net income of \$15.1 million, or \$0.71 per diluted share, compared to \$12.5 million, or \$0.58 per diluted share, in 4Q21
- Pre-tax, pre-provision income of \$20.0 million, an increase of 24% from \$16.1 million in 4Q21
- Growth in net interest income offset lower net gain on sale of mortgage loans
- Strong profitability results in 5.2% increase in tangible book value per share from end of prior quarter

Commercial Banking Continues to Generate Solid Loan Growth

- 6.6% annualized growth in total loans primarily driven by increase in commercial portfolio
- 16.5% annualized growth in commercial portfolio with good diversification across sectors and markets
- Expansion into new markets and impact of commercial banker additions generating larger volume of opportunities and resulting in strong commercial loan growth while being selective in new loan production

Positive Trends in Key Metrics

- Net interest margin increased 3 bps to 3.52%
- Asset quality remained exceptional with NPAs/Total Assets stable at 0.08% and net loan recoveries in the quarter, with delinquencies in installment portfolio remaining stable and at low levels
- Capital ratios strengthened with bank level Total Capital to Total Risk-weighted Assets Ratio increasing 5 bps to 12.22%

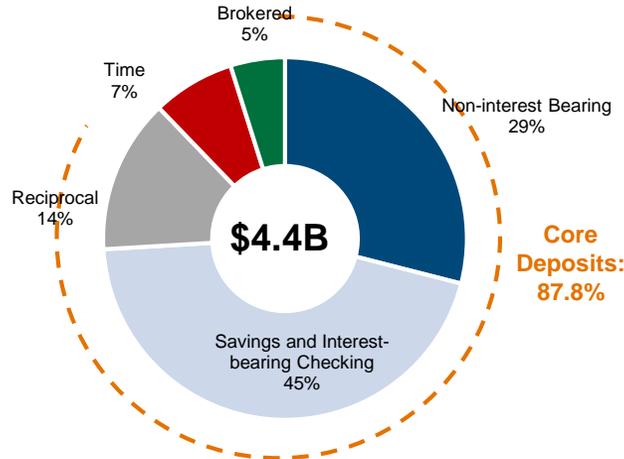
Conservative Balance Sheet Management

- No shares repurchased during 4Q22 in order to preserve capital to build TCE and support strong organic loan growth
- Loan-to-deposit ratio of 79% provides significant liquidity to continue funding loan growth
- While asset quality remains excellent, IBCP is well reserved ahead of potential economic weakness with ACL/Total Loans increasing to 1.51%

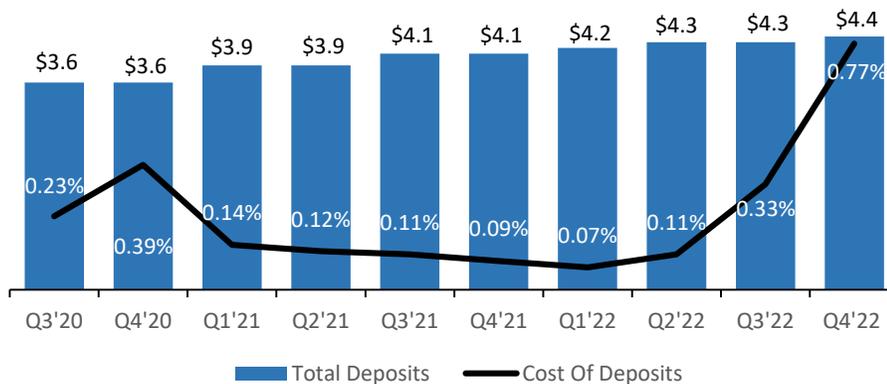
Low Cost Deposit Franchise

Focused on Core Deposit Growth

Deposit Composition – 12/31/22



Cost of Deposits (%)/Total Deposits (\$B)



Note: Core deposits defined as total deposits less maturity deposits.

Deposit Highlights

- Substantial core funding – \$3.85 billion of non-maturity deposit accounts (87.8% of total deposits).
- Total deposits increased \$262.0 million (6.4%) since 12/31/21 with non-interest bearing down \$51.8 million, savings and interest-bearing checking up \$75.8 million, reciprocal up \$15.9 million and time up \$13.1 million.
- Deposits by Customer Type:
 - Retail – 52.8%
 - Commercial – 33.3%
 - Municipal – 13.9%

Michigan Deposit Market Share

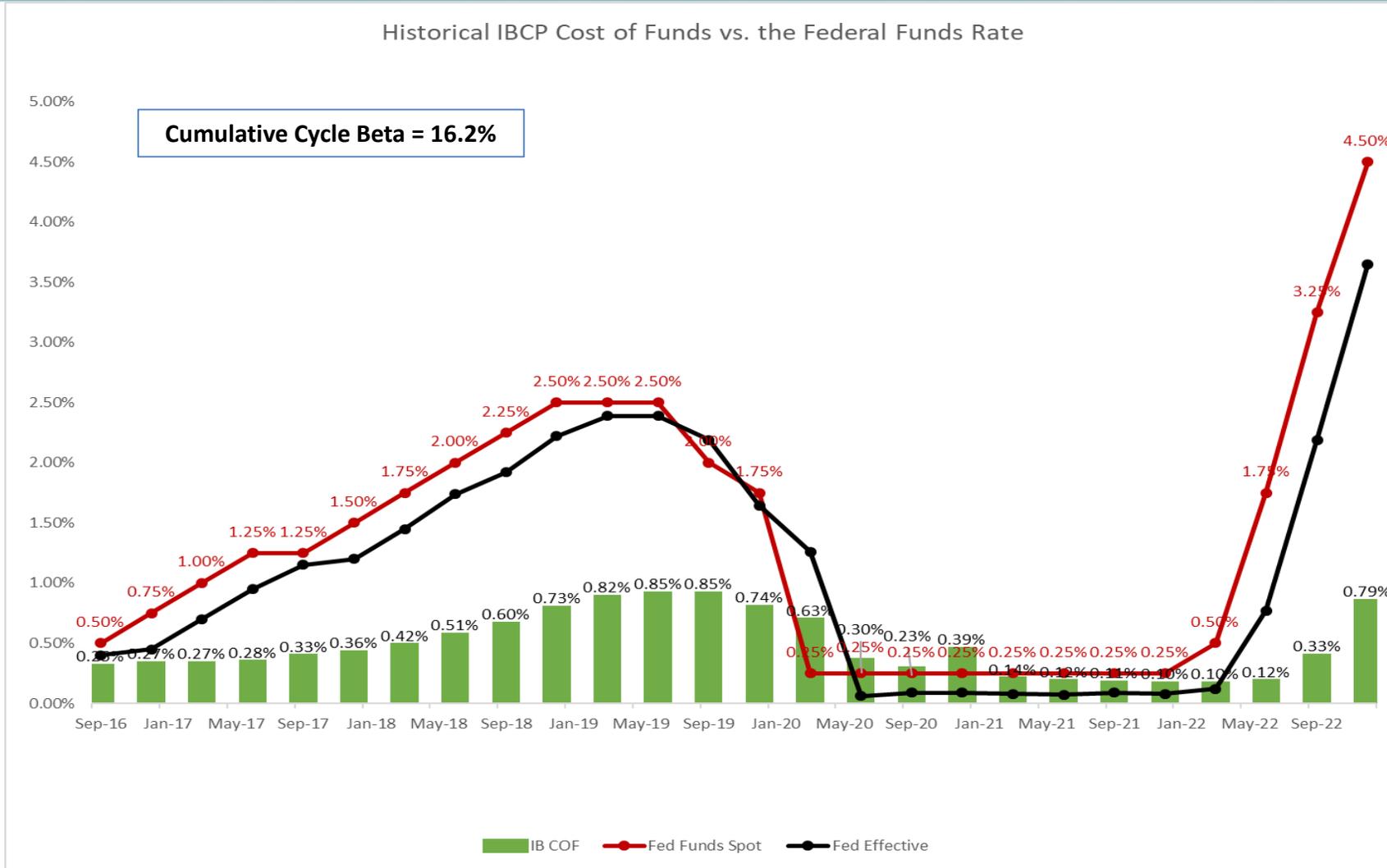
Rank 2022	Institution	Deposits in Market (\$M)	Mkt. Share (%)
1	JPMorgan Chase & Co.	69,955	26.4%
2	Huntington Bancshares Inc.	36,160	13.7%
3	Comerica Inc.	33,063	12.5%
4	Bank of America Corp.	30,306	11.5%
5	The PNC Financial Services Group Inc.	21,228	8.0%
6	Fifth Third Bancorp	16,829	6.4%
7	New York Community Bancorp Inc.	13,896	5.3%
8	Citizens Financial Group Inc.	6,830	2.6%
9	Independent Bank Corp.	4,359	1.6%
10	Mercantile Bank Corp.	2,528	1.0%

Total for Institutions in Market \$264,589

Data: S&P Global

Source: S&P Global deposit market share data based on FDIC Summary of Deposits Annual Survey as of June 30, 2022.

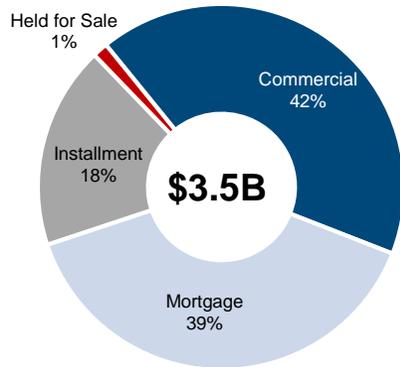
Historic IBC Cost of Funds (excluding sub debt) vs. the Federal Funds Rate



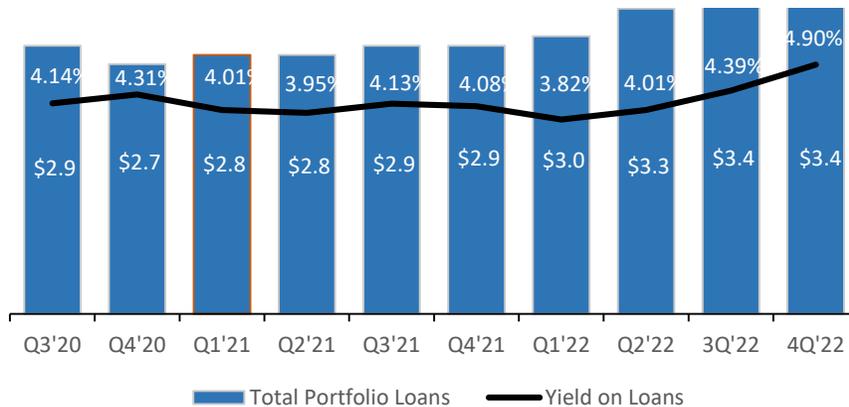
Diversified Loan Portfolio

Focused on High Quality Growth

Loan Composition – 12/31/22



Yield on Loans (%)/Total Portfolio Loans (\$B)



Note: Portfolio loans exclude loans HFS.

Lending Highlights

- Portfolio loan changes in 4Q'22:
 - Commercial – increased \$58.6 million.
 - Average new origination yield of 6.39%.
 - Mortgage – increased \$13.5 million.
 - Average new origination yield of 6.02%.
 - Installment – decreased \$16.7 million.
 - Average new origination yield of 6.81%.

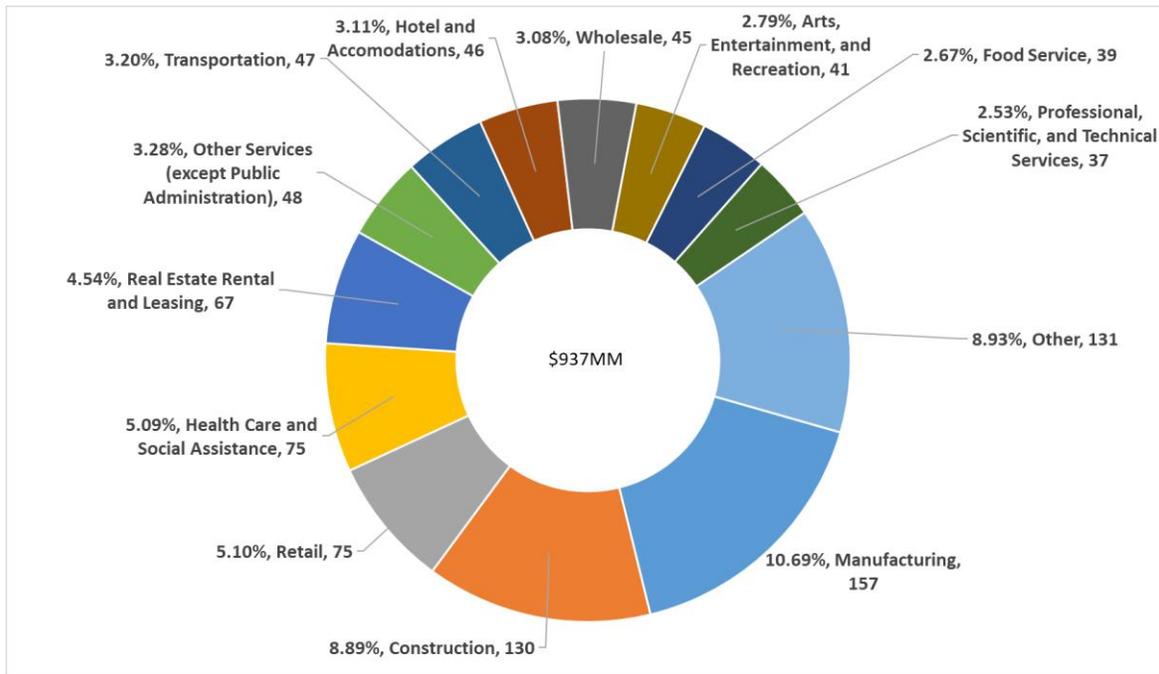
- Mortgage loan portfolio weighted average FICO of 753 and average balance of \$172,605.

- Installment weighted average FICO of 758 and average balance of \$25,227.

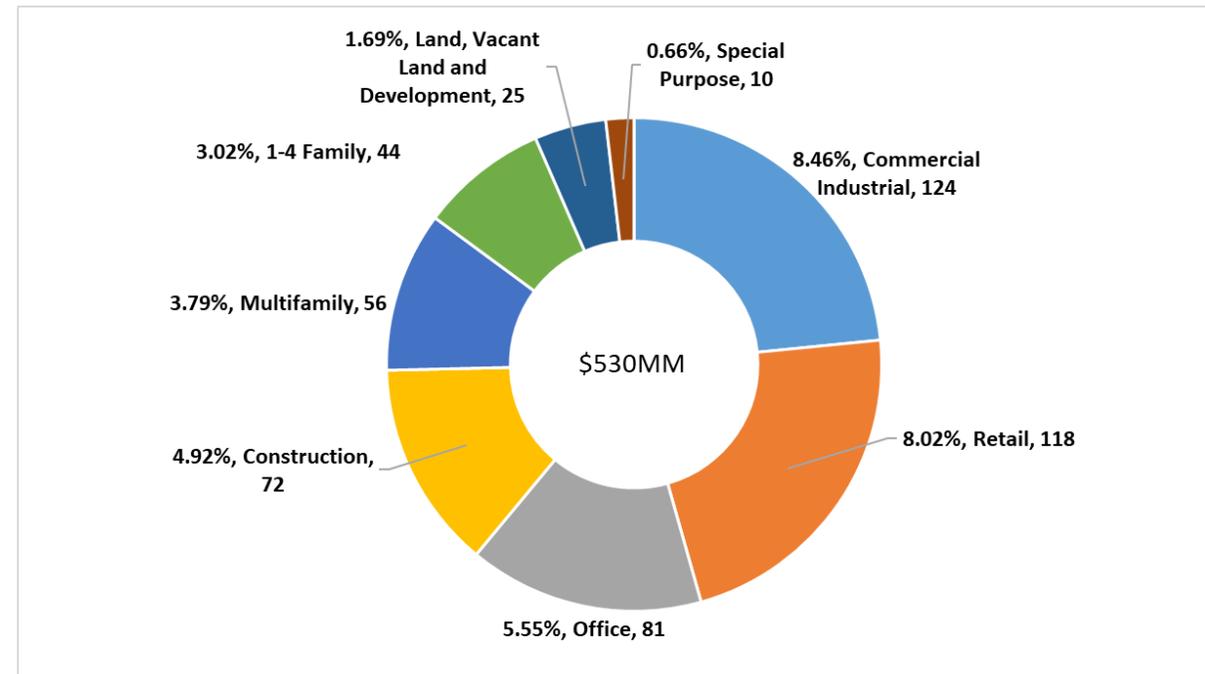
- Commercial loan rate mix:
 - 50% fixed / 50% variable.
 - Indices – 63% tied to Prime, 3% tied to LIBOR, 1% tied to a US Treasury rate and 33% tied to SOFR.

- Mortgage loan (including HECL) rate mix:
 - 65% fixed / 35% adjustable or variable.
 - 24% tied to Prime, 33% tied to LIBOR, 13% tied to a US Treasury rate and 30% tied to SOFR.

Loans by Industry as a % of Total Commercial Loans (\$ in millions)



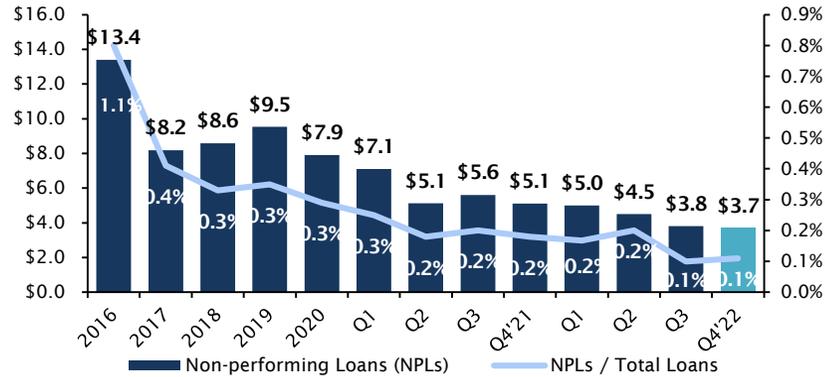
Investor RE by Collateral Type as a % of Total Commercial Loans (\$ in millions)



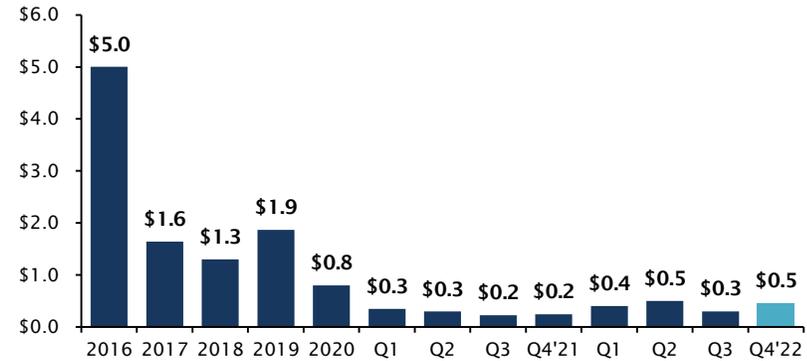
Note: \$937 million, or 63.9% of the commercial loan portfolio is C&I or owner occupied, while \$ 530 million, or 36.1% is investment real estate. The percentage concentrations are based on the entire commercial portfolio of \$1.467 billion as of December 31, 2022

Credit Quality Summary

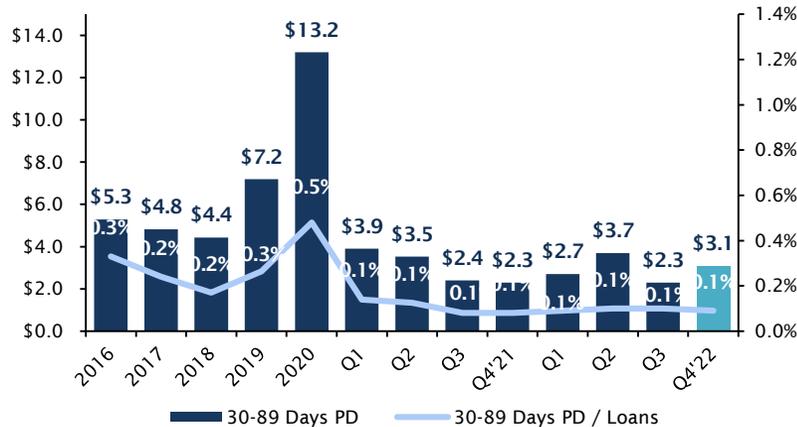
Non-performing Loans (\$ in Millions)



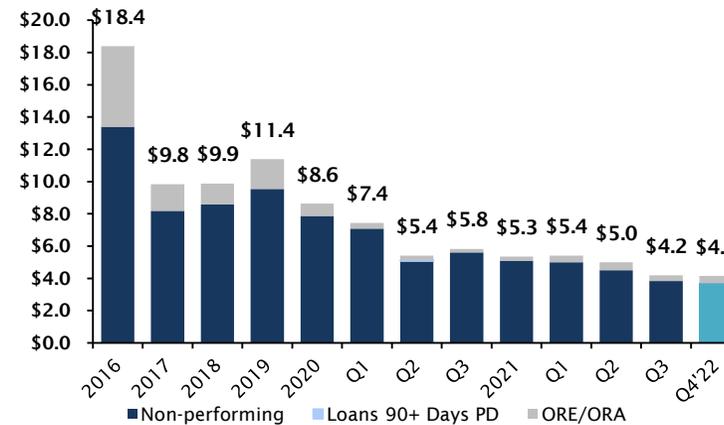
ORE/ORA (\$ in Millions)



30 to 89 Days Delinquent (\$ in Millions)



Non-performing Assets (\$ in Millions)

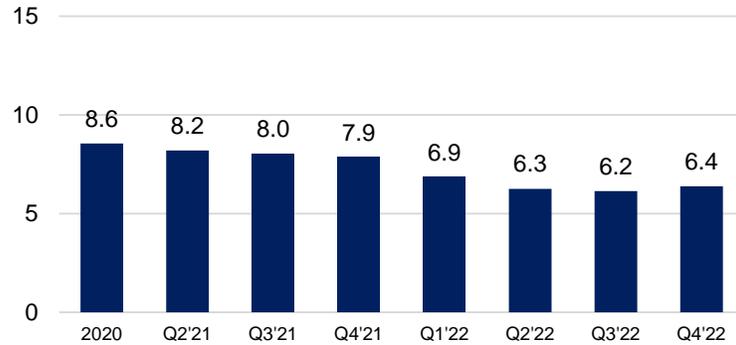


Note 1: Non-performing loans and non-performing assets exclude troubled debt restructurings that are performing.

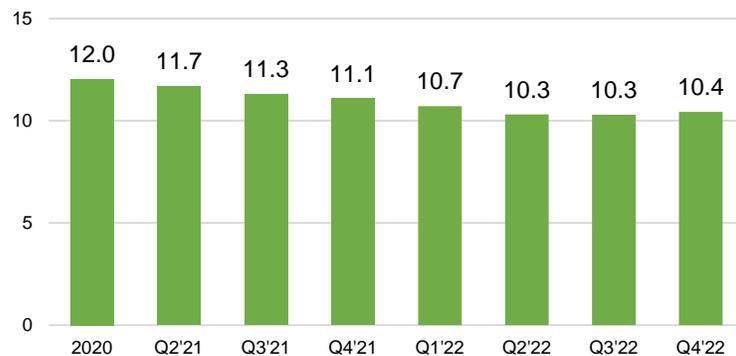
Note 2: 12/31/16 30 to 89 days delinquent data excludes \$1.63 million of payment plan receivables that were held for sale.

Strong Capital Position

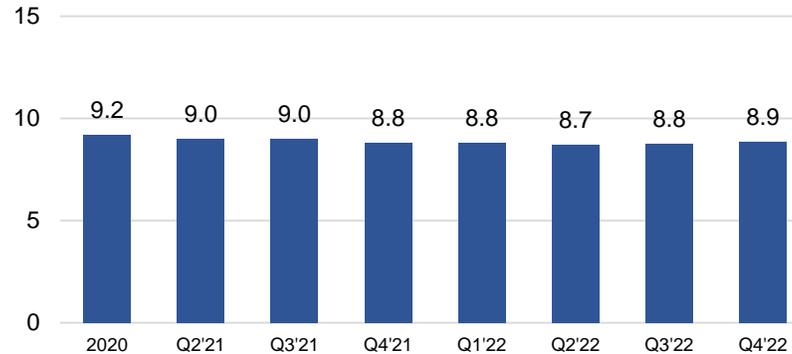
TCE / TA (%)



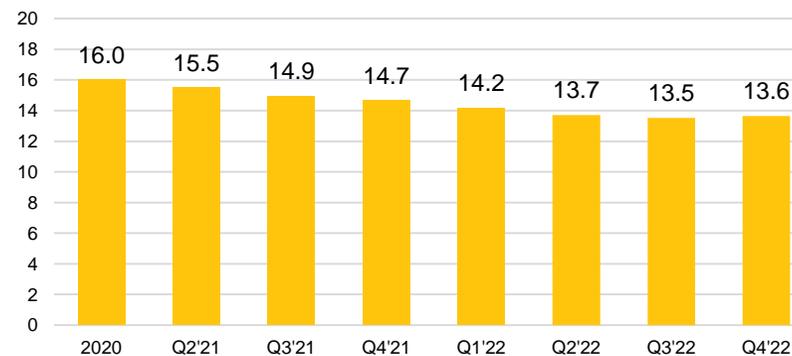
CET1 Ratio (%)



Leverage Ratio (%)

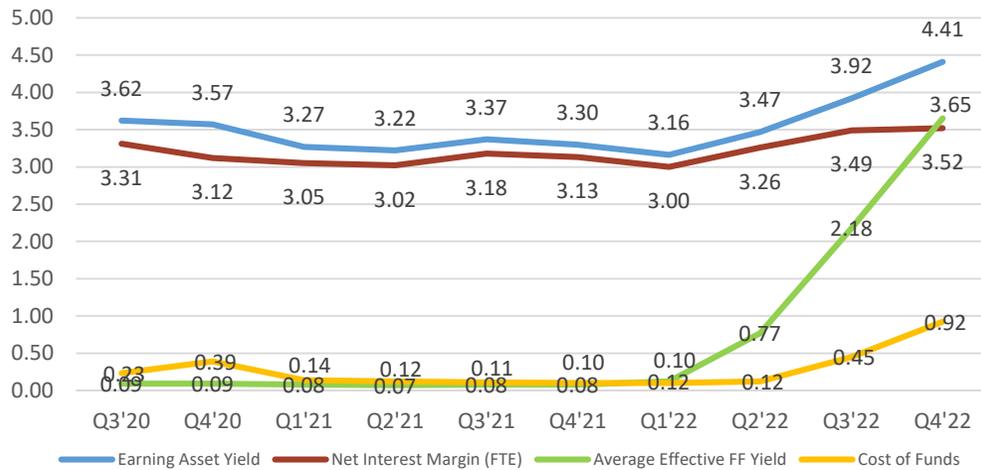


Total RBC Ratio (%)



- **Long-term capital Priorities:** Capital retention to support organic growth, acquisitions and return of capital through strong and consistent dividends and share repurchases.
- **Well capitalized** in all regulatory capital measurements.
- **2022 Share Repurchases:**
 - 181,586 shares
 - \$22.08 avg price per share
- **Tangible common equity** ratio excluding the impact of unrealized losses on securities AFS and HTM is 7.93%

Yields, NIM and Cost of Funds (%)



Net Interest Income (\$ in Millions)



Highlights

- Net interest income increased \$0.7 million in 4Q'22 vs. 3Q'22 due to an increase in average earning assets and an increase in the net interest margin.
- Net interest margin was 3.52% during the fourth quarter of 2022, compared to 3.13% in the year-ago quarter and 3.49% in the third quarter of 2022.

4Q'22 NIM Changes

Q3'22	3.49%
Increase in investment yield	0.13%
Change in loan yield and mix	0.36%
Change in funding mix	-0.01%
Increase in funding costs	-0.45%
Q4'22	3.52%

Linked Quarter Average Balances and FTE Rates

	4Q22			3Q22			Change		
	Avg Bal	Inc/Exp	Yield	Avg Bal	Inc/Exp	Yield	Avg Bal	Inc/Exp	Yield
(\$ in thousands)									
Cash	\$5,069	\$48	3.76%	\$5,830	\$28	1.91%	(\$761)	\$20	1.85%
Investments	1,182,462	9,271	3.14%	1,243,856	8,248	2.65%	(61,394)	1,023	0.48%
Commercial loans	1,420,148	20,837	5.82%	1,369,513	17,245	5.00%	50,635	3,592	0.83%
Mortgage loans	1,392,198	14,499	4.17%	1,338,283	13,268	3.97%	53,915	1,231	0.20%
Consumer loans	637,598	6,776	4.22%	652,825	6,598	4.01%	(15,227)	178	0.21%
Earning assets	\$4,637,475	\$51,431	4.41%	\$4,610,307	\$45,387	3.92%	\$27,168	\$6,044	0.49%
Nonmaturity deposits	\$2,519,294	\$6,046	0.95%	\$2,548,213	\$2,803	0.44%	(\$28,919)	3,243	0.52%
CDARS deposits	34,442	160	1.84%	31,653	30	0.38%	2,789	130	1.47%
Retail Time deposits	303,103	891	1.17%	318,731	547	0.68%	(15,628)	344	0.49%
Brokered deposits	165,536	1,446	3.47%	52,082	245	1.87%	113,454	1,201	1.60%
Bank borrowings	57,925	553	3.79%	45,494	282	0.62%	12,431	271	3.17%
IBC debt	79,074	1,280	6.42%	79,037	1,121	5.63%	37	159	0.80%
Cost of funds	\$3,159,374	\$10,376	1.30%	\$3,075,210	\$5,028	0.65%	\$84,164	\$5,348	0.65%
Free funds	\$1,478,101			\$1,535,097			(\$56,996)		
Net interest income		\$41,055			\$40,359			\$696	
Net interest margin			3.52%			3.49%			0.03%

Changes in Net Interest Income

December 31, 2022

	-200	-100	Base-rate	+100	+200
	(Dollars in 000's)				
Net Interest Income	\$ 163,958	\$ 166,618	\$ 167,349	\$ 166,977	\$ 165,771
Change from Base	-2.03%	-0.44%	-	-0.22%	-0.94%

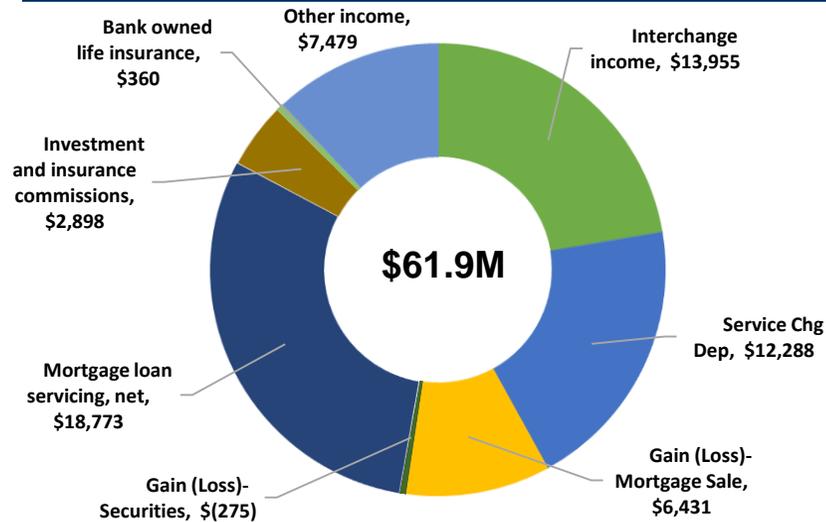
September 30, 2022

	-200	-100	Base-rate	+100	+200
	(Dollars in 000's)				
Net Interest Income	\$ 164,135	\$ 167,764	\$ 169,963	\$ 170,676	\$ 170,446
Change from Base	-3.43%	-1.29%	-	0.42%	0.28%

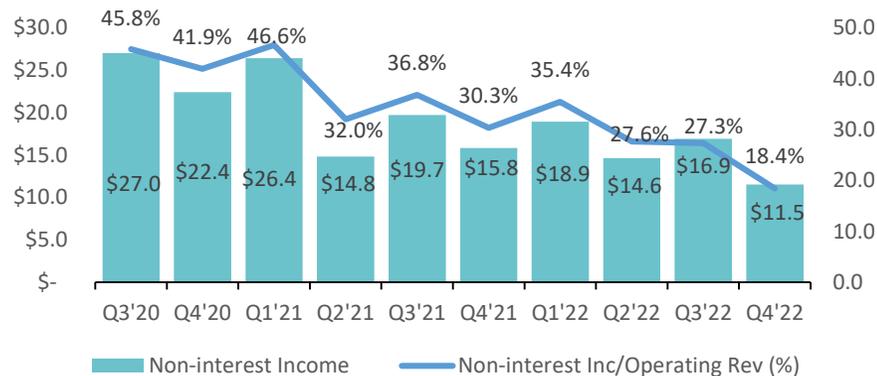
Simulation analyses calculate the change in net interest income over the next twelve months, under immediate parallel shifts in interest rates, based upon a static statement of financial condition, which includes derivative instruments, and does not consider loan fees.

- The decrease in the base case modeled NII is due to an adverse shift in the funding mix and higher than modeled betas on interest bearing deposits during the quarter. These changes were partially offset by earning asset growth and a favorable change in earning asset composition.
- There was a modest increase in the sensitivity to rising rates during 4Q22. The change in sensitivity is primarily due to a shift in the funding mix with a decline in DDA and savings accounts and an increase in wholesale funding.
- Base-rate is a static balance sheet applying the spot yield curve from the valuation date.
- Stable core funding base. Transaction accounts fund 42.3% of assets and other non-maturity deposits fund another 22.6% of assets. Moderate wholesale funding of just 7.5% of assets.
- 28.0% of assets reprice in 1 month and 41.3% reprice in the next 12 months.
- Continually evaluating strategies to manage NII through hedging as well as product pricing and structure.

2022 YTD Non-interest Income (thousands)



Non-interest Income Trends (\$M)

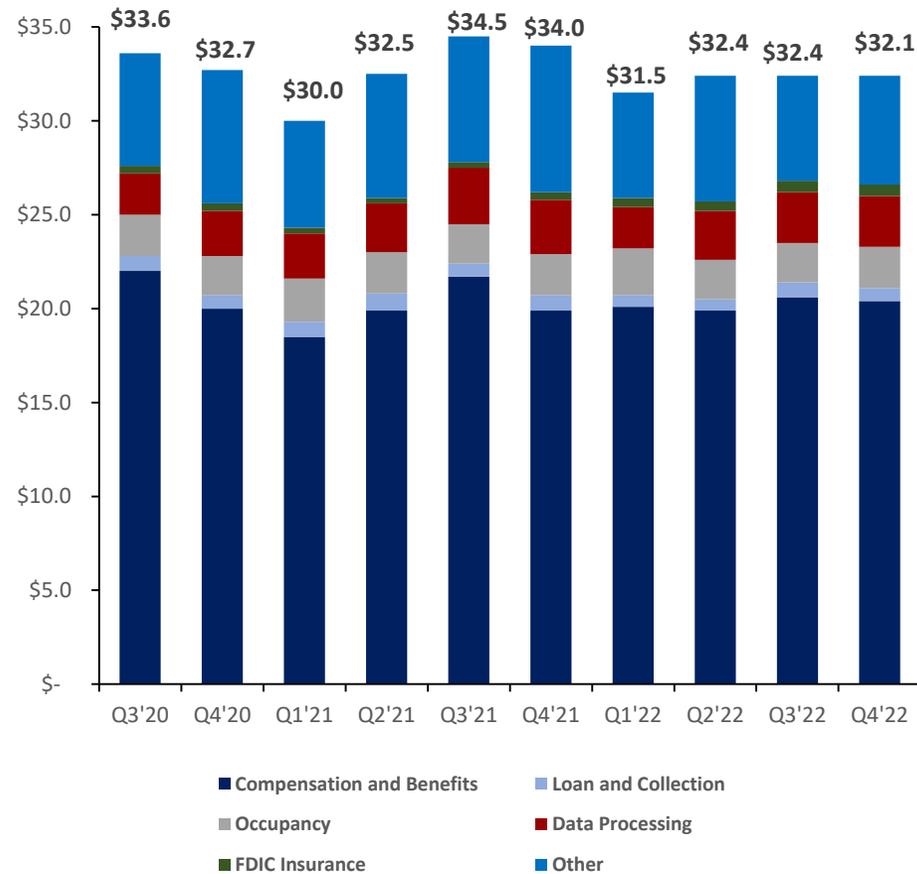


Source: Company documents.

Highlights

- Diverse sources of non-interest income, representing 18.4% of operating revenue in 4Q'22.
- The \$0.2 million comparative quarterly increase in service charges on deposit accounts is primarily attributed to fees related to Treasury Management.
- Mortgage banking:
 - \$1.5 million in net gains on mortgage loans in 4Q'22 vs. \$5.6 million in the year ago quarter. A combination of lower mortgage loan sales volume, reduced profit margins and fair value adjustments led to this decrease.
 - \$138.9 million in mortgage loan originations in 4Q'22 vs. \$424.6 million in 4Q'21 and \$209.0 million in 3Q'22.
 - 4Q'22 mortgage loan servicing includes a \$0.5 million (\$0.02 per diluted share, after tax) decrease in fair value adjustment due to price compared to an increase of \$0.6 million (\$0.02 per diluted share, after tax) in the year ago quarter.

Non-interest Expense (\$M)

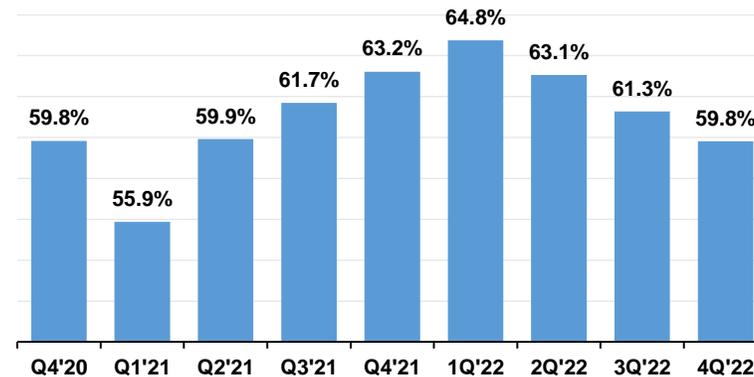


Source: Company documents.

Highlights

- 4Q'22 efficiency ratio of 60.8%.
- Compensation and employee benefits expense of \$20.4 million, an increase of \$0.5 million from the prior year quarter.
 - Compensation (salaries and wages) increased \$1.3 million due to raises that were generally effective at the start of the year, a decreased level of compensation that was deferred in the fourth quarter of 2022 as direct origination costs (lower mortgage loan origination volume), and an increase in lending personnel.
 - \$0.3 million decrease in performance based compensation expense accrual.
 - Payroll taxes and employee benefits decreased \$0.5 million due to lower payroll taxes, health care costs and lower mortgage incentives.
- Data processing costs decreased by \$0.2 million primarily due to lower debit card production costs and lower net mortgage processing costs.
- Opportunities exist to gain additional efficiencies as we continue to optimize our delivery channels.

Efficiency Ratio (4 quarter rolling average)



Category	Outlook
Lending	<p>Continued growth IBCP goal of low double digit (approximately 10%) overall loan growth is based on increases in commercial loans, mortgage loans and consumer loans. Expect much of this growth to occur in the last three quarters of 2022. This growth forecast also assumes an improving Michigan economy.</p> <p>Q4 Update: Total portfolio loans increased \$55.5 million (6.5% annualized) in 4Q'22 and \$560.3 million (19.3% annualized) for full year 2022 which is higher than our forecasted range. Commercial and mortgage loans had positive growth in the fourth quarter while installment loans decreased.</p>
Net Interest Income	<p>Growth driven primarily by higher average earning assets The elimination of accelerated fee accretion (\$8.9 million in 2021) related to Paycheck Protection Program will make net interest income (NII) growth challenging in 2022. IBCP goal low single digit (1%-3%) growth is primarily supported by an increase in earning assets. Expect the net interest margin (NIM) to trend lower (0.10% - 0.15%) in 2022 compared to full-year 2021. Primary driver is a reduction in earning asset yield. The forecast assumes a 0.25% increase in June and September in the federal funds rate and long-term interest rates up slightly over year end 2021 levels.</p> <p>Q4 Update: 4Q'22 net interest income was \$6.3 million (18.4%) higher than the prior year quarter. The net interest margin was 3.52% for the quarter, up 0.03% from the linked quarter and up 0.39% from the prior year quarter. The 18.4% increase in net interest income is due to an increase in average interest-earning assets as well as an increase in net interest margin.</p>
Provision for Credit Losses	<p>Steady asset quality metrics Very difficult area to forecast. Future provision levels under CECL will be particularly sensitive to loan growth and mix, projected economic conditions, watch credit levels and loan default volumes. The allowance as a percentage of total loans was at 1.63% at 12/31/21. A full year 2022 provision (expense) for credit losses of approximately 0.15% to 0.20% of average total portfolio loans would not be unreasonable.</p> <p>Q4 Update: The provision for credit losses was an expense of \$1.4 million (0.16% annualized) in 4Q'22 which was within our forecasted range of an expense of 0.15% to 0.20% of average portfolio loans. The year-to-date provision for credit losses was an expense of \$5.3 (0.15%) which is within our forecasted range. The 4Q'22 provision expense was primarily the result of an increase in subjective allocations primarily related to general economic conditions and loan growth.</p>
Non-interest Income	<p>IBCP forecasted 2022 quarterly range of \$13 million to \$17 million with the total for the year down 20% to 25% from 2021 actual of \$76.6 million Expect mortgage loan origination volumes in 2022 to be down by approximately 21%, interchange income in 2022 to increase approximately 5% as compared to 2021 and service charges on deposits to be collectively comparable to 2021 (a decline in NSF fees to be largely offset by an increase in treasury management related service charges).</p> <p>Q4 Update: Non-interest income totaled \$11.5 million in 4Q'22, which was below the forecasted range. 4Q'22 mortgage loan originations, sales and gains totaled \$138.9 million, \$80.6 million and \$1.5 million, respectively. The decrease in net gains on mortgage loans sold was primarily due to lower sales volume and decreased profit margin on mortgage loan sales. Mortgage loan servicing generated a gain of \$0.6 million in 4Q'22 due primarily to an increase in mortgage loan servicing revenue. The \$1.3 million (14.3%) comparative year-to-date increase in other income is primarily attributed to a gain on sale (\$1.0 million) of two bank owned properties.</p>
Non-interest Expenses	<p>IBCP forecasted 2022 quarterly range of \$30.5 million to \$32.5 million with the total for the year down (3%-5%) from the 2021 actual of \$131.0 million. The primary driver is a decrease in total compensation and employee benefits due primarily to a reduction in incentive compensation, conversion related expense and costs(recoveries) related to unfunded lending commitments.</p> <p>Q4 Update: Total non-interest expense was \$32.1 million in the fourth quarter of 2022, within our forecasted range. The \$0.5 million comparative quarterly increase in compensation and employee benefits was primarily due to lower incentive compensation. The \$0.4 million comparative quarterly decrease in data processing expense is primarily related to lower debit card production costs and lower net mortgage processing costs.</p>
Income Taxes	<p>Approximately an 18.5% effective income tax rate in 2022. This assumes a 21% statutory federal corporate income tax rate during 2022.</p> <p>Q4 Update: Actual effective income tax rate of 18.8 for the 4Q'22 and 18.6% for the full year 2022.</p>
Share Repurchases	<p>2022 share repurchase authorization at approximately 5% (1.1 million) of outstanding shares. Expect total share repurchases in 2022 at the mid-point of this authorization.</p> <p>Q4 Update: There were no share repurchases in 4Q'22. The Company repurchased 181,586 (16.5% of repurchase authorization) shares at an average price of \$22.08 for the full year of 2022.</p>

Category	Outlook
Lending	<p>Continued growth IBCP goal of low double digit (approximately 10%-12%) overall loan growth is based on increases in commercial loans and mortgage loans with installment loans remaining flat. Expect much of this growth to occur in the last three quarters of 2023. This growth forecast also assumes a stable Michigan economy.</p>
Net Interest Income	<p>Growth driven primarily by higher average earning assets IBCP goal of high single digit (7%-9%) growth is primarily supported by an increase in earning assets and a favorable shift in the earning asset base. Expect the net interest margin (NIM) to be stable to slightly higher (0.05% - 0.10%) in 2023 compared to full-year 2022. Primary driver is an increase in earning asset yield. The forecast assumes a 0.50% Fed rate increase in February, a 0.25% increase in March and a 0.25% decrease in September and December in the federal funds rate while long-term interest rates decline slightly over year-end 2022 levels.</p>
Provision for Credit Losses	<p>Steady asset quality metrics Very difficult area to forecast. Future provision levels under CECL will be particularly sensitive to loan growth and mix, projected economic conditions, watch credit levels and loan default volumes. The allowance as a percentage of total loans was at 1.51% at 12/31/22. A full year 2022 provision (expense) for credit losses of approximately 0.25% to 0.35% of average total portfolio loans would not be unreasonable.</p>
Non-interest Income	<p>IBCP forecasted 2023 quarterly range of \$11 million to \$13 million with the total for the year down 20% to 25% from 2022 actual of \$61.9 million Expect mortgage loan origination volumes in 2023 to be down by approximately 20%, a decline in mortgage loan servicing net of approximately 80%, interchange income in 2022 to increase approximately 2.0% to 3.0% as compared to 2022 and service charges on deposits to be collectively comparable to 2022 (a decline in NSF fees to be largely offset by an increase in treasury management related service charges).</p>
Non-interest Expenses	<p>IBCP forecasted 2023 quarterly range of \$32.0 million to \$33.5 million with the total for the year up 1.5% to 2.5% from the 2022 actual of \$127.7 million. The primary driver is an increase in data processing and FDIC deposit insurance premiums.</p>
Income Taxes	<p>Approximately an 18.8% effective income tax rate in 2023. This assumes a 21% statutory federal corporate income tax rate during 2023.</p>
Share Repurchases	<p>2023 share repurchase authorization at approximately 5% (1.1 million) of outstanding shares. Share repurchases will be dependent on capital levels, capital allocation options and share price trends. We are not modeling any share repurchases in 2023.</p>

Strategic Initiatives



Growth

- **Organic growth through servicing businesses and consumers** in our Markets in an inclusive way to include straight forward marketing, improved brand awareness and enhanced outreach efforts that foster strong customer relationships and engagement.
- **Improve net interest income via balanced loan growth, disciplined risk adjusted loan pricing and active management of deposit pricing.**
- Add **new customers** and **grow revenue** by leveraging **new LPO's** and **talented sales staff** & outbound calling efforts.
- **Leverage data analytics** for innovative targeted **customer acquisitions**, retention and **cross sales strategies**, inside sales efforts and referrals with strategic business unit partners.
- **Supplement our organic growth initiatives** via **selective and opportunistic bank acquisitions** and branch acquisitions.



Talent Management

- Sustain and enhance a constructive culture, supported by a **highly engaged workforce** that **embraces and encourages a diverse, equitable, inclusive and flexible work environment.**
- **Retain and attract top talent.**
- **Align learning and development initiatives** in support of bank priorities and employees' continued growth.
- Demonstrate that we are committed to the **well-being of our team** members who ensure our success. This entails recognizing and rewarding contributions, **developing new talent via internships, providing coaching and development**, and planning for succession and new opportunities.



Process Improvement & Cost Controls

- Enhance process improvement expertise, enabling all business lines and departments to **streamline/automate operating processes and workflows.**
- **Leverage technology, capitalizing upon core conversion new capabilities, streamline and improve bank processes.**
- **Leverage virtual capabilities** to make more effective meetings, training and customer engagement.
- **Optimize branch delivery channel** including assessing existing locations, new locations, service hours, staffing, & workflow and leveraging our existing technology.
- **Expand Digital Branch** (call center) services.



Risk Management

- Produce **strong and consistent** earnings and capital levels.
- **Maintain good credit quality** aided by strong proactive asset quality monitoring and problem resolution.
- Practice **sound risk management** with effective reporting to include fair banking and scenario planning.
- **Actively manage** and monitor liquidity and interest rate risk.
- Promote **strong, independent & collaborative risk management**, utilizing three layers of defense (business unit, risk management and internal audit).
- Ensure **effective** operational controls with special emphasis on cyber security, fraud prevention, core system conversion and regulatory compliance.
- Maintain effective relationships with regulators & other outside oversight parties. Provide effective ESG (Environmental, Social and Governance) disclosures for investors and other interested parties.

Question and Answer Session
Closing Remarks
Thank you for attending!

NASDAQ: IBCP

Additional Financial Data and Non-GAAP Reconciliations

Historical Financial Data

(\$M except per share data)	Year Ended December 31,						5 Year CAGR
	2017	2018	2019	2020	2021	2022	
Balance Sheet:							
Total Assets	\$2,789	\$3,353	\$3,565	\$4,204	\$4,705	\$5,000	12.4%
Portfolio Loans	\$2,019	\$2,583	\$2,725	\$2,734	\$2,905	\$3,465	11.4%
Deposits	\$2,401	\$2,913	\$3,037	\$3,637	\$4,117	\$4,379	12.8%
Tangible Common Equity	\$263	\$304	\$317	\$357	\$367	\$317	3.8%
Profitability:							
Pre-Tax, Pre-Provision Income	\$39.6	\$50.6	\$58.6	\$81.9	\$75.4	\$83.1	16.0%
Pre-Tax, Pre-Prov / Avg. Assets	1.50%	1.62%	1.70%	2.08%	1.62%	1.68%	-
Net Income ⁽¹⁾	\$20.5	\$39.8	\$46.4	\$56.2	\$62.9	\$63.4	25.4%
Diluted EPS	\$0.95	\$1.68	\$2.00	\$2.53	\$2.88	\$2.97	25.6%
Return on Average Assets ⁽¹⁾	0.77%	1.27%	1.35%	1.43%	1.41%	1.31%	-
Return on Average Equity ⁽¹⁾	7.82%	12.38%	13.63%	15.68%	16.13%	18.41%	-
Net Interest Margin (FTE)	3.65%	3.88%	3.80%	3.34%	3.10%	3.32%	-
Efficiency Ratio	69.20%	67.20%	64.90%	59.24%	62.87%	59.71%	-
Asset Quality:							
NPAs / Assets	0.35%	0.29%	0.32%	0.21%	0.11%	0.08%	-
NPAs / Loans + OREO	0.49%	0.38%	0.42%	0.32%	0.18%	0.12%	-
Reserves / Total Loans	1.12%	0.96%	0.96%	1.30%	1.63%	1.51%	-
NCOs / Avg. Loans	(0.06%)	(0.03%)	(0.02%)	0.11%	(0.07%)	0.00%	-
Capital Ratios:							
TCE Ratio	9.4%	9.2%	9.0%	8.6%	7.9%	6.4%	-
Leverage Ratio	10.6%	10.5%	10.1%	9.2%	8.8%	8.8%	-
Tier 1 Capital Ratio	14.0%	13.3%	12.7%	13.3%	12.2%	11.4%	-
Total Capital Ratio	15.2%	14.3%	13.7%	16.0%	14.7%	13.7%	-
Shareholder Value:							
TBV/Share	\$ 12.34	\$ 12.90	\$ 14.08	\$ 16.33	\$ 17.33	\$ 15.04	4.0%
Dividends Paid per Share	\$ 0.42	\$ 0.60	\$ 0.72	\$ 0.80	\$ 0.84	\$ 0.88	15.9%
Value of Shares Repurchased	\$ -	\$ 12.7	\$ 26.3	\$ 14.2	\$ 17.3	\$ 4.0	-

Non-GAAP to GAAP Reconciliation

	Year Ended December 31,				Quarter Ended				
	2022	2021	2020	2019	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
	(Dollars in thousands)								
Net interest income	\$ 149,561	\$ 129,765	\$ 123,612	\$ 122,581	\$ 40,602	\$ 39,897	\$ 36,061	\$ 33,001	\$ 34,285
Non-interest income	61,909	76,643	80,745	47,736	11,468	16,861	14,632	18,948	15,771
Non-interest expense	128,341	131,023	122,413	111,733	32,091	32,366	32,434	31,450	33,954
Pre-Tax, Pre-Provision Income	83,129	75,385	81,944	58,584	19,979	24,392	18,259	20,499	16,102
Provision for credit losses	5,341	(1,928)	12,463	824	1,390	3,145	2,379	(1,573)	630
Income tax expense	14,437	14,418	13,329	11,325	3,503	3,950	2,879	4,105	2,964
Net income	<u>\$ 63,351</u>	<u>\$ 62,895</u>	<u>\$ 56,152</u>	<u>\$ 46,435</u>	<u>\$ 15,086</u>	<u>\$ 17,297</u>	<u>\$ 13,001</u>	<u>\$ 17,967</u>	<u>\$ 12,508</u>
Average total assets	<u>\$ 4,825,723</u>	<u>\$ 4,465,577</u>	<u>\$ 3,933,655</u>	<u>\$ 3,440,232</u>	<u>\$ 4,934,859</u>	<u>\$ 4,884,841</u>	<u>\$ 4,758,960</u>	<u>\$ 4,721,205</u>	<u>\$ 4,654,491</u>
Performance Ratios									
Return on average assets	<u>1.31%</u>	<u>1.41%</u>	<u>1.43%</u>	<u>1.35%</u>	<u>1.21%</u>	<u>1.40%</u>	<u>1.10%</u>	<u>1.54%</u>	<u>1.07%</u>
Pre-tax, Provision return on average assets	<u>1.72%</u>	<u>1.69%</u>	<u>2.08%</u>	<u>1.70%</u>	<u>1.61%</u>	<u>1.98%</u>	<u>1.54%</u>	<u>1.76%</u>	<u>1.37%</u>

Reconciliation of Non-GAAP Financial Measures

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
	(Dollars in thousands)			
Net Interest Margin, Fully Taxable Equivalent ("FTE")				
Net interest income	\$ 40,602	\$ 34,285	\$ 149,561	\$ 129,765
Add: taxable equivalent adjustment	453	492	1,878	1,866
Net interest income - taxable equivalent	<u>\$ 41,055</u>	<u>\$ 34,777</u>	<u>\$ 151,439</u>	<u>\$ 131,631</u>
Net interest margin (GAAP) ⁽¹⁾	<u>3.48%</u>	<u>3.08%</u>	<u>3.28%</u>	<u>3.06%</u>
Net interest margin (FTE) ⁽¹⁾	<u>3.52%</u>	<u>3.13%</u>	<u>3.32%</u>	<u>3.10%</u>

(1) Annualized.

Reconciliation of Non-GAAP Financial Measures (continued)
Independent Bank Corporation

Tangible Common Equity Ratio

	Year Ended December 31,				Quarter Ended				
	2022	2021	2020	2019	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
	(Dollars in thousands)								
Common shareholders' equity	\$ 347,596	\$ 398,484	\$ 389,522	\$ 350,169	\$ 347,596	\$ 332,308	\$ 331,134	\$ 355,449	\$ 398,484
Less:									
Goodwill	28,300	28,300	28,300	28,300	28,300	28,300	28,300	28,300	28,300
Other intangibles	2,551	3,336	4,306	5,326	2,551	2,697	2,871	3,104	3,336
Tangible common equity	<u>\$ 316,745</u>	<u>\$ 366,848</u>	<u>\$ 356,916</u>	<u>\$ 316,543</u>	<u>\$ 316,745</u>	<u>\$ 301,311</u>	<u>\$ 299,963</u>	<u>\$ 324,045</u>	<u>\$ 366,848</u>
Total assets	\$ 4,999,787	\$ 4,704,740	\$ 4,204,013	\$ 3,564,694	\$ 4,999,787	\$ 4,931,377	\$ 4,826,209	\$ 4,761,983	\$ 4,704,740
Less:									
Goodwill	28,300	28,300	28,300	28,300	28,300	28,300	28,300	28,300	28,300
Other intangibles	2,551	3,336	4,306	5,326	2,551	2,697	2,871	3,104	3,336
Tangible assets	<u>\$ 4,968,936</u>	<u>\$ 4,673,104</u>	<u>\$ 4,171,407</u>	<u>\$ 3,531,068</u>	<u>\$ 4,968,936</u>	<u>\$ 4,900,380</u>	<u>\$ 4,795,038</u>	<u>\$ 4,730,579</u>	<u>\$ 4,673,104</u>
Common equity ratio	<u>6.95%</u>	<u>8.47%</u>	<u>9.27%</u>	<u>9.82%</u>	<u>6.95%</u>	<u>6.74%</u>	<u>6.86%</u>	<u>7.46%</u>	<u>8.47%</u>
Tangible common equity ratio	<u>6.37%</u>	<u>7.85%</u>	<u>8.56%</u>	<u>8.96%</u>	<u>6.37%</u>	<u>6.15%</u>	<u>6.26%</u>	<u>6.85%</u>	<u>7.85%</u>