

INDEPENDENT BANK CORP /MI/
Form 8-K
April 16, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of Report (Date of earliest event reported): April 16, 2003

INDEPENDENT BANK CORPORATION

(Exact name of registrant as specified in its charter)

Michigan

(State or Jurisdiction of Incorporation or Organization)

0-7818

38-2032782

(Commission File Number)

(I.R.S. Employer Identification No.)

230 West Main Street, Ionia, Michigan 48846

(Address of principal executive offices)

(616) 527-9450

(Registrant's telephone number, including area code)

NONE

Former name, address and fiscal year, if changed since last report.

Item 9. Regulation FD Disclosure

The information attached at Exhibit A is supplemental data to the Registrant's press release dated April 16, 2003 regarding its earnings during the quarter ended March 31, 2003.

INDEPENDENT BANK CORPORATION AND SUBSIDIARIES
Consolidated Statements of Financial Condition

		March 31, 2003
		(u)
Assets		(in
Cash and due from banks	\$	59,798
Securities available for sale		386,291
Federal Home Loan Bank stock, at cost		10,369
Loans held for sale		106,695
Loans		
Commercial		561,096
Real estate mortgage		593,075
Installment		235,720
	Total Loans	1,389,891
Allowance for loan losses		(17,128)
	Net Loans	1,372,763
Property and equipment, net		40,894
Bank owned life insurance		35,800
Accrued income and other assets		48,883
	Total Assets	\$ 2,061,493
Liabilities and Shareholders' Equity		
Deposits		
Non-interest bearing	\$	184,379
Savings and NOW		688,498
Time		687,468
	Total Deposits	1,560,345
Federal funds purchased		25,245
Other borrowings		225,256
Guaranteed preferred beneficial interests in Company's subordinated debentures		67,850
Accrued expenses and other liabilities		37,404
	Total Liabilities	1,916,100

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Shareholders' Equity	
Preferred stock, no par value--200,000 shares authorized; none outstanding	
Common stock, \$1.00 par value--30,000,000 shares authorized; issued and outstanding: 17,922,268 shares at March 31, 2003 and 17,822,090 shares at December 31, 2002	17,922
Capital surplus	75,863
Retained earnings	48,081
Accumulated other comprehensive income	3,527

Total Shareholders' Equity	145,393

Total Liabilities and Shareholders' Equity \$	2,061,493
	=====

2

INDEPENDENT BANK CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations

		Three Month
		March 31
		2003

		(unaudited)

		(in thousands)
		except per share
Interest Income		
Interest and fees on loans	\$	26,661
Securities available for sale		
Taxable		2,899
Tax-exempt		1,918
Other investments		142

Total Interest Income		31,620

Interest Expense		
Deposits		7,171
Other borrowings		3,642

Total Interest Expense		10,813

Net Interest Income		20,807
Provision for loan losses		1,000

Net Interest Income After Provision for Loan Losses		19,807

Non-interest Income		
Service charges on deposit accounts		3,271
Net gains (losses) on assets		
Real estate mortgage loans		4,032
Securities		512

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Title insurance fees		743	
Manufactured home loan origination fees and commissions		358	
Other income		1,499	
	Total Non-interest Income	10,415	

Non-interest Expense			
Compensation and employee benefits		9,641	
Occupancy, net		1,598	
Furniture and fixtures		1,320	
Other expenses		5,496	
	Total Non-interest Expense	18,055	

	Income Before Federal Income Tax	12,167	
Federal income tax expense		3,350	

	Net Income	\$ 8,817	\$
=====			
Net Income Per Share			
Basic		\$.49	\$
Diluted		.49	
Dividends Per Common Share			
Declared		\$.14	\$
Paid		.14	

3

Non-performing assets

	March 31, 2003	December 31, 2002
	-----	-----
	(dollars in thousands)	
Non-accrual loans	\$6,371	\$5,738
Loans 90 days or more past due and still accruing interest	2,400	3,961
Restructured loans	163	270
	-----	-----
Total non-performing loans	8,934	9,969
Other real estate	3,910	3,908
	-----	-----
Total non-performing assets	\$12,844	\$13,877
=====		
As a percent of Portfolio Loans		
Non-performing loans	0.64 %	0.72 %
Allowance for loan losses	1.23	1.21
Non-performing assets to total assets	0.62	0.67
Allowance for loan losses as a percent of non-performing loans	192	168

Allowance for loan losses

	Three months ended March 31,	
	2003	2002

	(in thousands)	
Balance at beginning of period	\$16,705	\$16,167
Additions (deduction)		
Provision charged to operating expense	1,000	927
Recoveries credited to allowance	340	203
Loans charged against the allowance	(917)	(493)
	-----	-----
Balance at end of period	\$17,128	\$16,804
	=====	=====
 Net loans charged against the allowance to average Portfolio Loans (annualized)	 0.17 %	 0.08 %

	March 31, 2003			December 31, 2002	
	Amount	Average Maturity	Rate	Amount	Average Maturity

	(dollars in thousands)				
Brokered CDs(1)	\$272,284	1.5 years	2.58%	\$278,012	1.9 years
Fixed rate FHLB advances(1)	75,856	6.6 years	5.16	62,861	7.9 years
Variable rate FHLB advances(1)	63,700	0.3 years	1.52	131,200	0.3 years
Securities sold under agreements to Repurchase(1)	85,221	0.2 years	1.41	98,712	0.1 years
Federal funds purchased	25,245	1 day	1.56	23,840	1 day
	-----			-----	
Total	\$522,306	1.8 years	2.58%	\$594,625	1.8 years
	=====			=====	

(1) Certain of these items have had their average maturity and rate altered through the use of derivative instruments, including pay-fixed and pay-variable interest rate swaps.

Capitalization

	March 31, 2003	December 31, 2002

	(in thousands)	
Unsecured debt		\$ 12,600

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Preferred Securities	\$67,850	17,250
	-----	-----
Shareholders' Equity		
Preferred stock, no par value		
Common Stock, par value \$1.00 per share	17,922	17,822
Capital surplus	75,863	75,076
Retained earnings	48,081	41,785
Accumulated other comprehensive income (loss)	3,527	3,364
	-----	-----
Total shareholders' equity	145,393	138,047
	-----	-----
Total capitalization	\$213,243	\$167,897
	=====	=====

Non-Interest Income

	Three months ended March 31,	
	2003	2002
	-----	-----
	(in thousands)	
Service charges on deposit accounts	\$3,271	\$2,712
Net gains (losses) on assets		
Real estate mortgage loans	4,032	1,806
Securities	512	(34)
Title insurance fees	743	623
Bank owned life insurance	378	
Manufactured home loan origination fees and commissions	358	434
Mutual fund and annuity commissions	256	229
Real estate mortgage loan servicing fees	(350)	295
Other	1,215	1,060
	-----	-----
Total non-interest income	\$10,415	\$7,125
	=====	=====

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Real estate mortgage loans originated	\$262,128	\$140,72
Real estate mortgage loans sold	229,744	147,31
Real estate mortgage loans sold with servicing rights released	16,757	12,33
Net gains on the sale of real estate mortgage loans	4,032	1,80
Net gains as a percent of real estate mortgage loans sold ("Loans Sale Margin")	1.75%	1.2
Impact of SFAS #133 adjustments on the Loan Sale Margin		

Non-Interest Expense

	Three months ended March 31,	
	2003	2002
	(in thousands)	
Salaries	\$ 6,291	\$ 5,818
Performance-based compensation and benefits	1,304	1,190
Other benefits	2,046	1,780
Compensation and employee benefits	9,641	8,788
Occupancy, net	1,598	1,306
Furniture and fixtures	1,320	1,106
Data processing	923	713
Communications	684	646
Advertising	769	612
Loan and collection	942	505
Supplies	464	333
Amortization of intangible assets	276	246
Other	1,438	1,487
Total non-interest expense	\$18,055	\$15,742

Average Balances and Tax Equivalent Rates

	Three Months Ended March 31,		
	2003		
	Average Balance	Interest Rate	Average Balance
Assets			

(dollars in thousands)

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Taxable loans (1)	\$ 1,467,558	\$ 26,504	7.28	%	\$ 1,405,75
Tax-exempt loans (1,2)	11,988	242	8.19		11,62
Taxable securities	210,108	2,899	5.60		181,54
Tax-exempt securities (2)	165,236	3,037	7.45		133,04
Other investments	10,111	142	5.70		21,59
	-----	-----			-----
Interest Earning Assets	1,865,001	32,824	7.10		1,753,56
		-----			-----
Cash and due from banks	41,139				37,99
Other assets, net	104,742				65,69
	-----				-----
Total Assets	\$ 2,010,882				\$ 1,857,25
	=====				=====
Liabilities					
Savings and NOW	\$ 679,372	1,420	0.85		\$ 623,81
Time deposits	662,630	5,751	3.52		640,05
Other borrowings	336,681	3,642	4.39		288,38
	-----	-----			-----
Interest Bearing Liabilities	1,678,683	10,813	2.61		1,552,25
		-----			-----
Demand deposits	160,241				142,86
Other liabilities	29,994				27,05
Shareholders' equity	141,964				135,07
	-----				-----
Total liabilities and shareholders' equity	\$ 2,010,882				\$ 1,857,25
	=====				=====
Tax Equivalent Net Interest Income		\$ 22,011			
		=====			
Tax Equivalent Net Interest Income as a Percent of Earning Assets			4.75	%	
			=====		

- (1) All domestic
(2) Interest on tax-exempt loans and securities is presented on a fully tax equivalent basis assuming a marginal tax rate of 35%

7

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date April 16, 2003

By s/ Robert N. Shuster

Robert N. Shuster, Principal Financial Officer

Date April 16, 2003

By s/ James J. Twarozynski

James J. Twarozynski, Principal Accounting
Officer