INDEPENDENT BANK CORP /MI/
Form PRER14A
November 25, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a 101)

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant [X]

Filed by a Party other than the Registrant [_]

Check the appropriate box:

[X] Preliminary Proxy Statement

[_] **Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

[_] Definitive Proxy Statement

[_] Definitive Additional Materials

[_] Soliciting Material Pursuant to §240.14a-12

Independent Bank Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[_] Fee computed below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: [_]

(2) Aggregate number of securities to which transaction applies: [_]

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): [_]

(4) Proposed maximum aggregate value of transaction: [_]

(5) Total fee paid: [_]

[_] Fee paid previously with preliminary materials.

[_] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Independent Bank Corporation
230 West Main Street
Ionia, Michigan 48846

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

Date:	**[___________]**
Time:	**[_____] a.m. Eastern Time**
Location:	**Johnson Building, Second Floor**
	227 Main Street, Ionia, Michigan 48846

We invite you to attend this Independent Bank Corporation Special Meeting of Shareholders to:

1. Consider and vote upon a proposal to amend our Articles of Incorporation to increase the number of authorized shares of common stock from 60 million shares to 500 million shares;

2. Consider and vote upon a proposed stock option exchange program, under which eligible employees would be able to exchange certain options for a lesser number of new options on the terms described in this proxy statement;

3. Consider and vote upon a proposal to issue additional shares of our common stock in exchange for certain outstanding trust preferred securities and in exchange for certain outstanding shares of preferred stock;

4. Grant management the authority to adjourn, postpone, or continue the Special Meeting; and

5. Transact any other business that is properly submitted before the Special Meeting or any adjournments or postponements of the Special Meeting.

The record date for the Special Meeting is [__________], 2009. Only shareholders of record at the close of business on that date can vote at the Special Meeting. We mailed this Notice of Special Meeting of Shareholders to those shareholders of record. Action may be taken at the Special Meeting on any of the foregoing proposals on the date specified above or any date or dates to which the Special Meeting may be adjourned or postponed.

We will have a list of shareholders who can vote at the Special Meeting available for inspection by shareholders at the Special Meeting, and, for 10 days prior to the Special Meeting, during regular business hours at the offices of Independent Bank Corporation, 230 West Main Street, Ionia, Michigan 48846.

If you plan to attend the Special Meeting but are not a shareholder of record because you hold your shares in street name, please bring evidence of your beneficial ownership of your shares (e.g., a copy of a recent brokerage statement showing the shares) with you to the Special Meeting. Whether or not you plan to attend the Special Meeting and whether you own a few or many shares of stock, the Board of Directors urges you to vote promptly. You may vote by signing, dating and returning the enclosed proxy card, by using the automated telephone voting system or by using the Internet voting system. You will find instructions for voting by telephone and by the Internet on the enclosed proxy card.

By Order of the Board of Directors,

Robert N. Shuster
Corporate Secretary

November [__], 2009

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INDEPENDENT BANK CORPORATION

PROXY STATEMENT

GENERAL INFORMATION

This proxy statement is being furnished to solicit proxies on behalf of the Board of Directors (the Board) of Independent Bank Corporation, a Michigan corporation (the Company, IBC, we or us), for use at the IBC Special Meeting of Shareholders to be held on [____________] at the Johnson Building, Second Floor, 227 Main Street, Ionia, Michigan, 48846, at [______] a.m., Eastern Time (the Special Meeting), and at any adjournment or postponement thereof. **This proxy statement and the accompanying proxy are first being sent to IBC shareholders on or about [____________], 2009.**

The purpose of the Special Meeting is:

1. Consider and vote upon a proposal to amend our Articles of Incorporation to increase the number of authorized shares of common stock from 60 million shares to 500 million shares;

2. Consider and vote upon a proposed stock option exchange program, under which eligible employees would be able to exchange certain options for a lesser number of new options on the terms described in this proxy statement;

3. Consider and vote upon a proposal to issue shares of our common stock in exchange for certain outstanding trust preferred securities and in exchange for certain outstanding shares of preferred stock;

4. Grant management the authority to adjourn, postpone, or continue the Special Meeting; and

5. Transact any other business that is properly submitted before the Special Meeting or any adjournments or postponements of the Special Meeting.

Principal Executive Office

The address of our principal executive office is 230 W. Main Street, Ionia, Michigan 48846.

Voting Information

The record date for the Special Meeting is [____________], 2009. Only shareholders of record at the close of business on that date can vote at the Special Meeting. We mailed this Notice of Special Shareholder Meeting to those shareholders of record. Action may be taken at the Special Meeting on any of the foregoing proposals on the date specified above or any date or dates to which the Special Meeting may be adjourned or postponed.

If the form of the proxy accompanying this proxy statement is properly executed and returned, the shares represented by the proxy will be voted at the Special Meeting of Shareholders in accordance with the directions given in such proxy. If no choice is specified, the shares represented by the proxy will be voted FOR the amendment to our Articles of Incorporation to increase the number of authorized shares of common stock from 60 million to 500 million, FOR the proposed stock option exchange program, FOR the proposal to permit IBC to issue common stock in accordance with Nasdaq Marketplace Rule 5635 in exchange for certain outstanding trust preferred securities and in exchange for certain outstanding shares of preferred stock, and FOR any proposal to adjourn, postpone, or continue the Special Meeting.

Whether or not you plan to attend the Special Meeting, please complete and mail the enclosed proxy card promptly so that your shares will be voted as you desire. If voting by mail, we must receive your completed proxy card no later than [__] p.m. Eastern Time on [___], 2009, or your vote will not be counted. **You may also vote by telephone or by the Internet by following the instructions for using the automated telephone and Internet voting systems provided on the proxy card.** To vote by telephone, shareholders of record (shareholders who have been issued a certificate representing their shares) may call toll free on a touch-tone telephone 1-800-PROXIES (1-800-776-9437) and follow the recorded instructions. To vote by Internet, go to the site http://www.voteproxy.com and follow the instructions provided. If voting by phone or by the Internet, you must submit your vote by no later than [____] a.m. Eastern Time on [____], 2009, or your vote will not be counted.

If your shares are held through a bank or a broker (referred to as street name), you may also be eligible to vote your shares electronically. Simply follow the instructions on your voting form, using either the toll-free telephone number or the Internet address that is listed.

A proxy may be revoked prior to its exercise by delivering a written notice of revocation to our Secretary, executing a subsequent proxy, or attending the meeting and voting in person. Attendance at the meeting does not, however, automatically serve to revoke a proxy.

This proxy statement, including the Notice and Form of Proxy, is available at http://www.snl.com/irweblinkx/doc.aspx?iid-100319. Information on directions to the site of our Special Meeting is available on our website at www.IndependentBank.com.

The Board recommends that you vote FOR the proposal to amend the Articles of Incorporation to increase the number of authorized shares of common stock from 60 million to 500 million shares.

The Board recommends that you vote FOR the proposal to approve the stock option exchange program.

The Board recommends that you vote FOR the proposal to permit IBC to issue additional shares of our common stock in exchange for certain outstanding trust preferred securities and in exchange for certain outstanding shares of preferred stock.

The Board recommends that you vote FOR the proposal to grant management the authority to adjourn, postpone, or continue the Special Meeting.

Attending the Special Meeting

We reserve the right to only admit persons with proof of share ownership to the Special Meeting. If your shares are not registered in your name, you must bring proof of share ownership (such as a recent bank or brokerage firm account statement, together with photo identification) to be admitted to the Special Meeting.

Whether or not you plan to attend the Special Meeting, please complete and mail the enclosed proxy card promptly so that your shares will be voted as you desire. **You may also vote by telephone or by the Internet by following the instructions for using the automated telephone and Internet voting systems provided on the proxy card.**

Note Regarding Independence of Proposals

Although we are asking shareholders to approve each of the four proposals described in this proxy statement, none of these proposals is conditioned upon the approval of any other proposal. However, if shareholders fail to approve the proposal to amend our Articles of Incorporation to increase the number of authorized shares from 60 million to 500 million (Proposal 1) but approve the proposal to permit us to issue additional shares of common stock in exchange for certain outstanding trust preferred securities and preferred stock (Proposal 3), then our ability to pursue such proposed exchange transactions will be materially limited.

PROPOSAL 1

APPROVE AN AMENDMENT TO THE ARTICLES OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK

General

Our Board has unanimously adopted a resolution, subject to shareholder approval, to amend the first paragraph of Article III of our Articles of Incorporation to read as follows:

> The total number of shares of all classes of capital stock which the Corporation shall have the authority to issue is five hundred million two hundred thousand (500,200,000) shares, of which five hundred million (500,000,000) shares shall be common stock of the par value of $1.00 per share, and two hundred thousand (200,000) shares shall be series preferred stock, without par value.

This amendment will increase our authorized common stock from 60,000,000 shares to 500,000,000 shares. The purpose of the amendment is to provide additional shares of common stock for future issuance, including with respect to the transactions described below. As of the record date, there were approximately [24,029,125] shares of common stock issued and outstanding, [1,568,105] stock options granted but not exercised, [134,672] shares reserved for issuance under our stock compensation plans, and an outstanding warrant to purchase 3,461,538 shares of common stock. As a result, as of the record date, approximately [31,818,134] shares of common stock remain available for future issuance. We also have 72,000 shares of Series A preferred stock issued and outstanding as of the record date.

The Board considers the proposed increase in the number of authorized shares desirable because it would give the Board greater flexibility and provide sufficient shares available for issuance if needed to augment our capital base or for other general corporate purposes, including the transactions described below.

If our shareholders approve the amendment, it will become effective upon the filing of a Certificate of Amendment to our Articles of Incorporation with the Department of Energy, Labor & Economic Growth of the State of Michigan, which we expect to occur promptly following the Special Meeting.

Purpose of the Amendment Potential Issuances of Common Stock

The purpose of this proposed increase in authorized common stock is to make available additional shares of common stock for issuance in an effort to improve our capital levels and for other business and finance purposes. Although our regulatory capital ratios remain at levels above federal regulatory well capitalized standards, because of the losses we have incurred in recent quarters, our elevated levels of non-performing loans and other real estate, and the ongoing economic stress in Michigan, we have recently taken certain actions to improve our regulatory capital ratios and to preserve liquidity, including eliminating the cash dividend on our common stock, deferring dividends on our preferred stock, and deferring interest payments on our subordinated debentures and the dividends on the related trust preferred securities. These actions will preserve cash at IBC as we do not expect Independent Bank, our bank subsidiary, to be able to pay any cash dividends in the near term.

In addition to these actions, we are currently considering various initiatives to increase our capital and strengthen our balance sheet through a variety of means involving the issuance or potential issuance of common stock, including the transactions described below. As a result, we are seeking shareholder approval of an amendment to our Articles of Incorporation in order to increase the number of shares of common stock we are authorized to issue to allow us to raise additional capital in the near term and to provide additional shares for future issuances should further capital needs arise.

The transactions we are currently proposing or considering include:

- We currently intend to make an offer to holders of trust preferred securities issued by each of IBC Capital Finance IV, IBC Capital Finance III, and Midwest Guaranty Trust I to exchange shares of our common stock for such trust preferred securities. If this offer is made and is fully successful, this exchange could convert up to $39.5 million of outstanding trust preferred securities, plus an amount equal to accrued but unpaid distributions on such securities, to common stock. As previously announced, effective November 1, 2009, IBC has elected to defer regularly scheduled quarterly interest payments on its junior subordinated debentures owned by each of its trust subsidiaries, including IBC Capital Finance IV, IBC Capital Finance III, and Midwest Guaranty Trust I. See Proposal 3 Approve the Issuance of Common Stock in Exchange Transactions in Accordance with Nasdaq Marketplace Rule 5635 below for more information regarding this proposal. The trust preferred securities described in this paragraph are collectively referred to as the Institutional Trust Preferred Securities, and the potential exchange offer described in this paragraph is referred to as the Institutional TP Exchange Offer.

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We are in discussions with the United States Department of the Treasury (Treasury), as the holder of our outstanding shares of Series A Fixed Rate Cumulative Perpetual Preferred Stock, $1,000 liquidation preference per share (the CPP Preferred Shares), to exchange shares of our common stock for such CPP Preferred Shares. If an agreement is reached with the Treasury with respect to such exchange, this transaction could convert up to $72 million of outstanding CPP Preferred Shares, plus an amount equal to accrued but unpaid dividends on such securities, to common stock. As previously announced, effective November 1, 2009, IBC has elected to defer regularly scheduled quarterly dividend payments on such CPP Preferred Shares. See Proposal 3 Approve the Issuance of Common Stock in Exchange Transactions in Accordance With Nasdaq Marketplace Rule 5635 below for more information regarding this proposal. The potential exchange offer described in this paragraph is referred to as the CPP Exchange Offer.

We currently intend to make an offer to exchange shares of our common stock for outstanding trust preferred securities issued by IBC Capital Finance II that are traded on the Nasdaq Global Select Market. If this offer is made and is fully successful, this exchange could convert up to $50.6 million of outstanding trust preferred securities, plus an amount equal to accrued but unpaid distributions on such securities, to common stock. As previously announced, effective November 1, 2009, IBC has elected to defer regularly scheduled quarterly interest payments on its junior subordinated debentures owned by each of its trust subsidiaries, including IBC Capital Finance II. The trust preferred securities described in this paragraph are collectively referred to as the "Retail Trust Preferred Securities," and the potential exchange offer described in this paragraph is referred to as the "Retail TP Exchange Offer."

We are considering one or more offerings of common stock or securities convertible into common stock for cash (any such offering is referred to as a "Cash Offering").

There would be no cash proceeds to IBC from the issuance of common shares under the Institutional TP Exchange Offer, the Retail TP Exchange Offer, or the CPP Exchange Offer. Any cash proceeds resulting from other transactions that may be undertaken, such as any Cash Offering, would be used for general corporate purposes and to strengthen the capital position of IBC s subsidiary bank, Independent Bank. We have not made any other determination about any specific use of proceeds.

This proxy statement describes certain capital raising initiatives currently being considered by the Board. As discussed in further detail under Proposal 3 of this proxy statement, certain of these initiatives will require shareholder approval before additional shares of our common stock can be issued in connection with such initiative. Specifically, Nasdaq Marketplace Rule 5635 requires shareholder approval prior to the sale or issuance (or potential issuance) of shares, in a transaction other than a public offering, equal to 20% or more of IBC's outstanding common stock or 20% or more of the voting power of IBC's capital stock outstanding before the issuance, if the sale price of the common stock is less than the greater of the book or market value of the common stock. As discussed in Proposal 3 of this proxy statement, both the Institutional TP Exchange Offer and the CPP Exchange Offer will require such shareholder approval. However, the Retail TP Exchange Offer mentioned above will not require such shareholder approval as this transaction would be deemed a "public offerings" under Nasdaq Marketplace Rules. Whether a Cash Offering would require further shareholder approval will depend on the terms of the Cash Offering. If the Cash Offering constitutes a "public offering" under Nasdaq Marketplace Rules, then we do not anticipate that shareholder approval would be required. Our Board is currently contemplating a Cash Offering that would constitute a public offering in which we would seek to raise as much as $50 million to $150 million in aggregate cash proceeds. If we decide to pursue a Cash Offering of that nature, we would not seek further shareholder approval before doing so. If we decide to pursue a Cash Offering that requires shareholder approval under Nasdaq Marketplace Rules or otherwise, we would seek such shareholder approval at that time. We currently do not propose to undertake any Cash Offering that would require further approval from our shareholders.

If this proposal is approved by our shareholders, the additional authorized shares of common stock would also be available from time to time for other corporate purposes, including acquisitions of other companies or other assets, stock dividends, stock splits, other stock distributions, and in connection with equity-based benefit plans. Authorized but unissued shares of our common stock may be issued from time to time upon authorization by our Board, at such times, to such persons, and for such consideration as the Board may determine in its discretion and generally without further approval by our shareholders (except as may be required for any particular transaction by applicable law, regulation, or stock exchange rule). However, the Board has not (as of the date this proxy statement is being mailed) made any commitment to issue the additional shares of common stock. The Board does not intend to issue any shares except on terms it deems to be in the best interest of the Company and its shareholders. However, given our current capital position and the difficult economic environment in which we are operating, it is reasonable to expect that additional shares of common stock or securities convertible into common stock will be issued in the near future, including pursuant to the proposed transactions described in this proxy statement.

Effect of the Amendment

The additional shares of common stock to be authorized by adoption of the amendment would have rights identical to the currently outstanding shares of common stock. Adoption of the proposed amendment and issuance of the common stock would not affect the rights of the holders of currently outstanding common stock, except for effects incidental to increasing the number of shares of our common stock outstanding, such as dilution of the earnings per share and voting rights of current holders of common stock. Under our Articles of Incorporation, our shareholders do not have preemptive rights with respect to our common stock. As a result, if our Board decides to issue additional shares of our common stock, existing holders of our common stock would not have any preferential rights to purchase such shares. See Effect on Outstanding Common Stock below for more information regarding the potential dilution to our current shareholders.

The additional shares of common stock that would become available for issuance if this amendment is adopted could also be used by us to oppose a hostile takeover attempt or to delay or prevent changes in control or management of the Company. For example, without further shareholder approval, the Board could strategically sell shares of common stock in a private transaction to purchasers who would oppose a takeover or favor the current Board. Although this amendment to increase the authorized common stock has been prompted by the business and financial considerations described above and not by the threat of any hostile takeover attempt (nor is the Board currently aware of any such attempts directed at us), shareholders should be aware that approval of this amendment could facilitate future efforts by us to deter or prevent changes in control.

The issuance of additional shares, or the perception that additional shares may be issued, may also adversely affect the market price of our common stock.

Under the Michigan Business Corporation Act, our shareholders are not entitled to dissenter s rights with respect to the amendment of the Articles of Incorporation to increase the authorized shares of common stock.

Certain Material Terms of the Common Stock

All of the outstanding shares of our common stock are fully paid and nonassessable. Subject to the prior rights of the holders of shares of preferred stock that may be issued and outstanding, the holders of common stock are entitled to receive:

- dividends when, as and if declared by our Board out of funds legally available for the payment of dividends; and
- in the event of dissolution of IBC, to share ratably in all assets remaining after payment of liabilities and satisfaction of the liquidation preferences, if any, of then outstanding shares of preferred stock, as provided in our Articles of Incorporation.

As a result of our election to defer regularly scheduled quarterly payments on our outstanding trust preferred securities and our outstanding shares of preferred stock, we are currently prohibited from paying any cash dividends on shares of our common stock.

In addition, even if we re-commence regularly scheduled quarterly payments on our outstanding trust preferred securities and our outstanding shares of preferred stock, there are still significant restrictions on our ability to pay dividends on our common stock. Pursuant to the Letter Agreement we entered into with the Treasury, dated December 12, 2008, we completed our sale to Treasury as part of Treasury s Capital Purchase Program of the Troubled Asset Relief Program (TARP) of the CPP Preferred Shares, and a warrant to purchase common shares. Our agreements with Treasury prevent us from paying quarterly cash dividends on our common stock in excess of $.01 per share and (with certain exceptions described below) repurchasing shares of common stock. These restrictions will remain in effect until the earlier of December 12, 2011 or such time as Treasury no longer holds the CPP Preferred Shares. One of the proposals described in this proxy statement is our proposal to issue shares of our common stock to the Treasury in exchange for such CPP Preferred Shares.

Treasury s Capital Purchase Program permit repurchases of shares of our common stock only under limited circumstances, including the following:

- in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice;
- the redemption or repurchase of rights pursuant to any shareholders' rights plan;
- the acquisition by IBC of record ownership of common stock or other securities that are junior to or on a parity with the CPP Preferred Shares for the beneficial ownership of any other persons, including trustees or custodians; and
- the exchange or conversion of common stock for or into other securities that are junior to or on a parity with the CPP Preferred Shares or trust preferred securities for or into common stock or other securities that are junior to or on a parity with the CPP Preferred Shares, in each case solely to the extent required pursuant to binding contractual agreements entered into prior to December 12, 2008 or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for common stock.

In addition, as a bank holding company, our ability to pay distributions will be affected by the ability of Independent Bank to pay dividends under applicable laws, rules and regulations. The ability of Independent Bank, as well as IBC, to pay dividends in the future currently is, and could be further, influenced by bank regulatory requirements and capital guidelines.

Each holder of common stock is entitled to one vote for each share held of record on all matters presented to a vote at a shareholders meeting, including the election of directors. Holders of common stock have no cumulative voting rights or preemptive rights to purchase or subscribe for any additional shares of common stock or other securities and there are no conversion rights or redemption or sinking fund provisions with respect to the common stock. Our common stock is currently traded on the Nasdaq Global Select Market under the symbol IBCP .

Effect on Outstanding Common Stock

If shareholders approve the adoption of the amendment to our Articles of Incorporation, our Board is likely to pursue the issuance of additional shares of common stock in connection with the Institutional TP Exchange Offer, the Retail TP Exchange Offer, and the CPP Exchange Offer, as referenced above and discussed below in more detail; however, there is no current commitment to do so and our Board could determine to abandon one or more of such transactions or pursue one or more transactions on terms different than those described above, at its discretion. In addition, our Board is currently contemplating a Cash Offering pursuant to which we would seek to raise as much as $50 million to $50 million in aggregate gross proceeds.

The amount of capital we may seek to raise through issuances of common stock, including through the initiatives under consideration and referenced above or through other means, is likely to be substantial.

The authorization of the additional shares would not, by itself, have any effect on the rights of shareholders. However, holders of common stock have no preemptive rights to acquire additional shares of common stock, so the future issuance of shares of common stock, including pursuant to the transactions discussed above or any other potential capital raising initiative, is likely to have an immediate and significant dilutive effect on earnings per share and the voting power of existing shareholders at the time of the issuance.

The following tables show the relative size of the transactions currently contemplated by the Company by showing the percentage of outstanding stock that could be issued in such transactions, based on the assumptions described in the footnotes to the table. We have shown the pro forma impact of a "High Range Alternative" and a "Low Range Alternative" with respect to the transactions, prepared using the assumptions set forth below. The "High Range Alternative" assumes (i) the tender of 75% of the outstanding Retail Trust Preferred Securities and exchange (after proration, if any) of such securities for common stock, (ii) the tender of 75% of the outstanding Institutional Trust Preferred Securities and exchange (after proration, if any) of such securities for common stock, (iii) the tender of the entire $72 million of outstanding CPP Preferred Shares and exchange of such securities for common stock, and (iv) an underwritten public offering of our common stock for aggregate gross proceeds of $150 million. The "Low Range Alternative" assumes (i) the tender and exchange of 25% of the outstanding Retail Trust Preferred Securities for common stock, (ii) the tender and exchange of 25% of the outstanding Institutional Trust Preferred Securities for common stock, (iii) no CPP Exchange Offer, and (iv) an underwritten public offering of our common stock for aggregate gross proceeds of $50 million. We have assumed these participation rates based on the results of recently concluded similar exchange offers by similarly situated issuers.

The proposed stock option exchange program (Proposal 2, described below) will not have a material dilutive effect on existing shareholders and is therefore not reflected or included in the tables below.

No. of Shares to be Issued in Transactions Under Consideration
Low Range Alternative (25% Participation in Exchange Offers,
No CPP Exchange and $50 Million Cash Offering)
(Based on Assumptions in Footnotes to Table)

Relevant Price (1)	**Institutional TP Exchange Offer (2)**	**Retail TP Exchange Offer (3)**	**CPP Preferred Exchange Offer (4)**	**Cash Offering (5)**	**% of Total Outstanding (6)**
$1.00	8,046,940	10,539,980	0	51,429,747	74.45%
$0.95	8,470,464	11,094,716	0	54,136,576	75.41%
$0.90	8,941,045	11,711,089	0	57,144,164	76.40%
$0.85	9,466,989	12,399,977	0	60,505,585	77.42%
$0.80	10,058,675	13,174,975	0	64,287,184	78.46%
$0.75	10,729,254	14,053,307	0	68,572,996	79.53%
$0.70	11,495,629	15,057,115	0	73,471,068	80.63%
$0.65	12,379,908	16,215,354	0	79,122,688	81.76%
$0.60	13,411,567	17,566,634	0	85,716,245	82.92%

(1) Relevant Price is the price per share of our common stock used to determine the number of shares that would be issued in exchange for the tendered trust preferred securities and the CPP Preferred Shares. The actual price used in the exchange offers for the trust preferred securities is proposed to be the mathematical average of the volume weighted average price of common shares for the five consecutive trading days ending on and including the second trading day immediately preceding the expiration date of the applicable exchange offer. The actual price used in any exchange of common stock for the CPP Preferred Shares will be as negotiated with Treasury, but is likely to be based on the market value our common stock. The actual price used in any Cash Offering in which we offer to sell shares of our common stock to the public is likely to be at some discount to the market value of our common stock. For purposes of the table above, we have assumed the Cash Offering would be conducted at a price equal to 97.22% of the market value of our common stock. The table contains only an estimated range of potential values for our common shares. The closing price of our common shares on the Nasdaq Global Select Market on November 18, 2009, was $0.72 per share.

(2) Assumes that 25% of the outstanding Institutional Trust Preferred Securities will be tendered for exchange and that for each $1,000 liquidation amount of Institutional Trust Preferred Securities tendered, a holder would receive common stock with a value equal to $814.88, which is equal to 80% of the sum of the $1,000 liquidation amount plus accrued but unpaid distributions on such securities. For these purposes, accrued but unpaid distributions are assumed to be $>18.60 per $1,000 liquidation amount, which is calculated based on the highest dividend rate currently applicable to any Institutional Trust Preferred Security and six months of accrued but unpaid distributions.

(3) Assumes that 25% of the outstanding Retail Trust Preferred Securities will be tendered for exchange and that for each $25 liquidation amount of Retail Trust Preferred Securities tendered, a holder would receive common stock with a value equal to $20.83, which is equal to 80% of the sum of the $25 liquidation amount plus an amount equal to accrued but unpaid distributions on such securities. For these purposes, accrued but unpaid distributions are assumed to be $1.03 per $25 liquidation amount, which is calculated based on six months of accrued but unpaid distributions.

(4) Assumes that Treasury will not agree to exchange any CPP Preferred Shares for common stock.

(5) Assumes we raise aggregate gross proceeds of $50 million.

(6) Assumes the number of shares of common stock outstanding excluding shares to be issued in these transactions would be 24,029,125 (the number of shares of IBC common stock outstanding on October 30, 2009).

No. of Shares to be Issued in Transactions Under Consideration
High Range Alternative (75% Participation in Exchange Offers,
100% Participation in CPP Exchange Offer and $150 Million Cash Offering)
(Based on Assumptions in Footnotes to Table)

Relevant Price (1)	Institutional TP Exchange Offer (2)	Retail TP Exchange Offer (3)	CPP Preferred Exchange Offer (4)	Cash Offering (5)	% of Total Outstanding (6)
$1.00	24,140,820	31,619,940	73,800,000	154,289,241	92.20%
$0.95	25,411,390	33,284,148	77,684,211	162,409,728	92.56%
$0.90	26,823,134	35,133,267	82,000,000	171,432,490	92.92%
$0.85	28,400,965	37,199,930	86,823,530	181,516,754	93.29%
$0.80	30,176,025	39,524,925	92,250,000	192,861,552	93.66%
$0.75	32,187,760	42,159,920	98,400,000	205,718,988	94.03%
$0.70	34,486,886	45,171,343	105,428,572	220,413,202	94.41%
$0.65	37,139,724	48,646,062	113,538,462	237,368,063	94.78%
$0.60	40,234,700	52,699,900	123,000,000	257,148,735	95.17%

(1) Relevant Price is the price per share of our common stock used to determine the number of shares that would be issued in exchange for the tendered trust preferred securities and the CPP Preferred Shares. The actual price used in the exchange offers for the trust preferred securities is proposed to be the mathematical average of the volume weighted average price of common shares for the five consecutive trading days ending on and including the second trading day immediately preceding the expiration date of the applicable exchange offer. The actual price used in any exchange of common stock for the CPP Preferred Shares will be as negotiated with Treasury, but is likely to be based on the market value our common stock. The actual price used in any Cash Offering in which we offer to sell shares of our common stock to the public is likely to be at some discount to the market value of our common stock. For purposes of the table above, we have assumed the Cash Offering would be conducted at a price equal to 97.22% of the market value of our common stock. The table contains only an estimated range of potential values for our common shares. The closing price of our common shares on the Nasdaq Global Select Market on November 18, 2009, was $0.72 per share.

(2) Assumes that 75% of the outstanding Institutional Trust Preferred Securities will be tendered for exchange and that for each $1,000 liquidation amount of Institutional Trust Preferred Securities tendered, a holder would receive common stock with a value equal to $814.88, which is equal to 80% of the sum of the $1,000 liquidation amount plus accrued but unpaid distributions on such securities. For these purposes, accrued but unpaid distributions are assumed to be $18.60 per $1,000 liquidation amount, which is calculated based on the highest dividend rate currently applicable to any Institutional Trust Preferred Security and six months of accrued but unpaid distributions.

(3) Assumes that 75% of the outstanding Retail Trust Preferred Securities will be tendered for exchange and that for each $25 liquidation amount of Retail Trust Preferred Securities tendered, a holder would receive common stock with a value equal to $20.83, which is equal to 80% of the sum of the $25 liquidation amount plus an amount equal to accrued but unpaid distributions on such securities. For these purposes, accrued but unpaid distributions are assumed to be $1.03 per $25 liquidation amount, which is calculated based on six months of accrued but unpaid distributions.

(4) Assumes that Treasury will agree to exchange all CPP Preferred Shares (with an aggregate liquidation preference of $72 million) for common stock with a value equal to the sum of $72 million plus an amount equal to accrued but unpaid distributions on such CPP Preferred Shares. For these purposes, accrued but unpaid distributions are assumed to be an aggregate of $1.8 million, which is calculated based on six months of accrued but unpaid distributions.

(5) Assumes we raise aggregate gross proceeds of $150 million.

(6) Assumes the number of shares of common stock outstanding excluding shares to be issued in these transactions would be 24,029,125 (the number of shares of IBC common stock outstanding on October 30, 2009).

Based on the assumptions described in the footnotes to the table above, upon completion of the Institutional TP Exchange Offer, the Retail TP Exchange Offer, the CPP Exchange Offer, and the Cash Offering, (if all of such transactions are pursued), our existing shareholders would own between only 4.83% and 25.55% of our outstanding common stock. However, we have reserved the right to issue an even greater number of shares of our common stock (i.e., in the event one or more of the assumptions in the table set forth above prove not to be true). We have reserved the right to issue up to 63.2 million shares of common stock in the Institutional TP Exchange Offer and up to 144 million shares of common stock in the CPP Exchange Offer. In addition, we expect the maximum number of shares we may issue in the Retail TP Exchange Offer to be 80.96 million. Using these maximum numbers, our current shareholders may end up owning only approximately 4.22% of our outstanding common stock.

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In addition, the initiatives under consideration and referenced above or through other means, including the exchange offers for the trust preferred securities and the CPP Preferred Shares, may trigger an ownership change that would negatively affect our ability to utilize net operating loss and capital loss and other deferred tax assets in the future. As a result, we may suffer higher-than-anticipated tax expense, and consequently lower net income and cash flow, in those future years. As of December 31, 2008, we had a domestic federal net operating loss carryforward of approximately $36.2 million, and such amount may grow significantly prior to the expiration of the capital raising initiatives described in this proxy statement. Companies are subject to a change of ownership test under Section 382 of the Internal Revenue Code of 1986, as amended (the Code), that, if met, would limit the annual utilization of the pre-change of ownership carryforward as well as the ability to use certain unrealized built-in losses. This change of ownership test will be met if, for example, a sufficient number of the holders of the trust preferred securities exchange such securities for our common shares and Treasury exchanges its CPP Preferred Shares for our common shares. We believe it is likely that the test will be met if there is substantial participation in the exchange offers or if other capital raising initiatives under consideration and referenced above or through other means are consummated. Generally, under Section 382, the yearly limitation on our ability to utilize such deductions will be equal to the product of the applicable long-term tax exempt rate (presently _%) and the sum of the values of our common shares and of our outstanding CPP Preferred Shares, immediately before the ownership change. Our ability to utilize deductions related to credit losses during the five-year period following such an ownership change would also be limited under Section 382, together with net operating loss carryforwards, to the extent that such deductions reflect a net loss that was built-in to our assets immediately prior to the ownership change. Similar rules under Section 383 of the Code will also limit utilization of our capital loss carryforwards. These carryforwards amounted to approximately $__ million at December 31, 2008, and such amount may grow significantly prior to the expiration of the offers.

The Retail TP Exchange Offer

Both the Institutional TP Exchange Offer and the CPP Exchange Offer are discussed in further detail below under Proposal 3 below. The following is a brief description of the Retail TP Exchange Offer.

Purpose of the Retail TP Exchange Offer. As described above, we believe that additional capital is necessary to maintain and strengthen our capital base as the effects of the economy continue to impact our business over the coming months and years. One means identified to improve our capital position is to offer to exchange common stock, which is considered both Tier 1 regulatory capital and Tier 1 common capital, to holders of our Retail Trust Preferred Securities, which are considered Tier 1 regulatory capital only up to 25% of total core capital elements. If Retail Trust Preferred Securities are exchanged for shares of our common stock in the exchange offer, it would have the effect of increasing our Tier 1 common equity. In addition, although this exchange offer would not result in any cash proceeds to the Company, it would result in a reduction of interest and dividend expense, thereby allowing us to preserve capital.

Proposed Terms of the Retail TP Exchange Offer. If IBC proceeds with the Retail TP Exchange Offer, IBC currently intends to issue for each $25 liquidation amount of Retail Trust Preferred Securities accepted for exchange a number of shares of common stock having a dollar value equal to (x) 80% of the sum of the $25 liquidation amount plus an amount equal to any accrued but unpaid distributions on such trust preferred securities, if tendered for exchange on or before the early tender deadline to be established by our Board, and (y) 75% of the sum of the $25 liquidation amount plus an amount equal to any accrued but unpaid distributions on such trust preferred securities, if tendered for exchange after such early tender deadline and on or before the expiration date of the exchange offer. The common stock to be issued would be valued based on the mathematical average of the volume weighted average price per share for the five consecutive trading days ending on and including the second trading day immediately preceding the expiration date of the exchange offer.

Effect of Retail TP Exchange Offer on Current Shareholders. If implemented, and depending on the number of Retail Trust Preferred Securities tendered and accepted for exchange, the Retail TP Exchange Offer may result in a significant increase in the number of shares of common stock outstanding, and current shareholders will own a smaller percentage of the outstanding common stock. See the tables set forth above for more information regarding this potential dilution. Such dilution could result in a significant reduction in the percentage interests of current shareholders in the voting power, liquidation value, and book and market value of the Company, and in its future earnings per share. Moreover, the shares of common stock exchanged for the Retail Trust Preferred Securities will be freely tradable. The sale or resale of these securities could cause the market price of the common stock to decline. In addition to the foregoing, the increased number of issued shares could have an incidental anti-takeover effect by discouraging the possibility of, or rendering more difficult, certain mergers, tender offers, proxy contests or other change of control or ownership.

Shareholder Approval of the Retail TP Exchange Offer. As discussed above, any issuance of common stock in connection with the Retail TP Exchange Offer will not require shareholder approval because the Retail TP Exchange Offer is considered a public offering under applicable Nasdaq Marketplace Rules.

Pro Forma Financial Information

Selected unaudited pro forma financial information giving effect to the Institutional TP Exchange Offer, the Retail TP Exchange Offer, the CPP Exchange Offer, and a Cash Offering is set forth in the attached Appendix A. The pro forma financial information included in Appendix A reflects both a "Los Range Alternative" that includes relatively conservative assumptions regarding the number of shares of common stock that may be issued in these transactions and a "High Range Alternative" that includes different, more aggressive assumptions regarding a higher number of shares of common stock that would be issued. These two alternatives are presented merely as an illustration of some of the potential effects of these transactions. Actual results of each transaction, if pursued and completed by the Company, would likely be different than either of the two alternatives. Please read the information in Appendix A carefully to more fully understand the information being presented. The inclusion of any transactions in the pro forma financial information does not necessarily mean that such transaction is likely to occur or that it is likely to occur on the terms set forth in Appendix A.

Vote Required and Recommendation of the Board

The affirmative vote of the holders of a majority of the outstanding shares of common stock of the Company is required for the approval of this proposed amendment. Both abstentions and broker non-votes will have the effect of a negative vote. Unless otherwise directed by a shareholder s proxy, the persons named as proxy voters in the accompanying proxy will vote FOR this amendment. The approval of this proposal is not a condition to the approval of any other proposals submitted to the shareholders.

The Board recommends you vote FOR approval of the amendment to the Articles of Incorporation to increase the number of authorized shares of common stock from 60 million to 500 million.