



Inspired by Great Relationships

2016 ANNUAL REPORT

**INDEPENDENT
BANK CORP.**

Parent of Rockland Trust

ROCKLAND
TRUST



INDEPENDENT BANK CORP.

Parent of Rockland Trust

Financial Condition Data

As of and for the year ended December 31

<i>(Dollars in thousands, except per share data)</i>	2016	2015	2014	2013	2012
Loans	\$5,999,605	\$5,547,721	\$4,970,733	\$4,718,307	\$4,519,011
Total assets	7,709,375	7,209,469	6,364,318	6,098,869	5,756,544
Total deposits	6,412,253	5,990,703	5,210,466	4,986,418	4,546,677
Stockholders' equity	864,690	771,463	640,527	591,540	529,320
CAPITAL RATIOS					
Tier 1 leverage capital ratio	9.77%	9.33%	8.84%	8.64%	8.65%
OPERATING DATA					
Net interest income	\$ 227,844	\$ 214,928	\$ 196,042	\$ 182,578	\$ 172,799
Noninterest income	82,428	75,888	69,943	68,009	62,016
Noninterest expenses	192,122	197,138	171,838	173,649	159,459
Net income	76,648	64,960	59,845	50,254	42,627
PER SHARE DATA					
Net income—diluted	\$ 2.90	\$ 2.50	\$ 2.49	\$ 2.18	\$ 1.95
Cash dividends declared	1.16	1.04	0.96	0.88	0.84
OPERATING RATIOS					
Return on average assets	1.04%	0.93%	0.95%	0.87%	0.83%
Return on average common equity	9.43%	8.79%	9.66%	9.09%	8.66%
Net interest margin (on a fully tax equivalent basis)	3.40%	3.42%	3.45%	3.51%	3.75%
ASSET QUALITY RATIOS					
Nonperforming loans as a percent of gross loans	0.96%	0.50%	0.55%	0.73%	0.64%
Nonperforming assets as a percent of total assets	0.80%	0.41%	0.61%	0.72%	0.74%

The selected consolidated financial and other data of the Company set forth above does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by, the more detailed information, including the Consolidated Financial Statements and related notes, appearing in the Company's Form 10-K.



“ We believe that every relationship matters, regardless of how small or large. ”

Dear Friends,

Rockland Trust succeeds by creating strong and enduring relationships with our customers. We believe that every relationship matters, regardless of how small or large, and our team of respectful and knowledgeable colleagues works continually to earn the trust of the thousands of families, businesses, non-profits, and municipalities that bank with us. Amid a rapidly evolving industry, this mission and these core values have served us well for 109 years.

We Are Strong and Growing

During an uncertain climate on many fronts, Rockland Trust delivered a consistently solid financial performance in 2016 that both reflected and expanded upon our mission. Our performance was marked by strength in all our core business operating areas, with robust loan growth, deposit generation, and increasing fee revenues.

In addition, investments we made to promote Rockland Trust throughout the year grew our brand awareness, especially in the Greater Boston market. Furthermore, our ability to continually deliver exceptional customer service led to high scores in industry studies measuring customer satisfaction.

This led to record 2016 earnings and an increase of over 15 percent in earnings per share. Investors recognized Rockland Trust as one of the best banks in the country, and the price per share of our

holding company stock reached historic highs, rising by 51 percent over the course of 2016.

In a very competitive market, our dedication to be the bank Where Each Relationship Matters® continued to resonate, increasing the households that do business with us to more than 200,000 and growing new checking accounts by 10 percent. Our home equity business also expanded to nearly \$1 billion in aggregate loans. In addition, our commitment to serving the business community led to growth in our Commercial Real Estate, Commercial and Industrial, and Small Business loan portfolios.

In one of the most competitive regions in the nation, we grew our total deposits organically by more than 4 percent in 2016. At the end of the year, core deposits represented 89.9 percent of total deposits.

Continued momentum in our Investment Management and Mortgage Banking businesses delivered a nearly 10 percent increase in noninterest income. Benefitting from teamwork around strong internal referral networks, our Investment Management Group grew assets under management to \$2.9 billion at the end of the year.

Excluding merger and acquisition costs, our non-interest expenses were almost flat for the year, increasing by only 0.2

51% increase in stock price during 2016

Serving more than **250,000** individuals and businesses

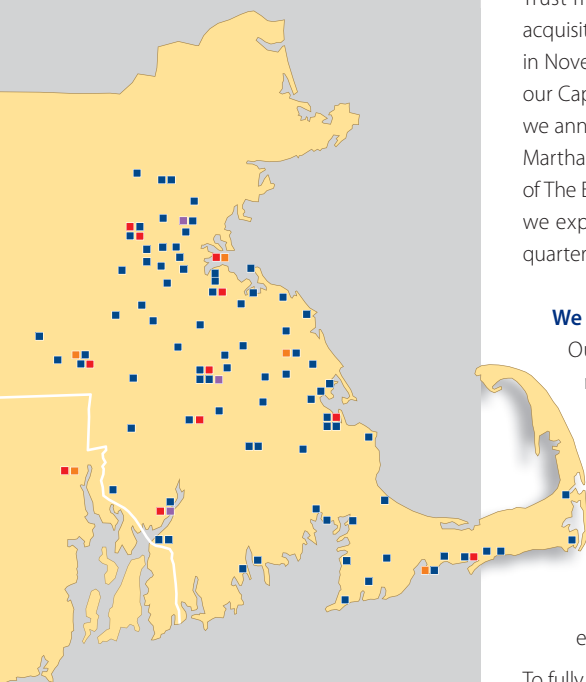
Nearly **\$3 billion** in assets under management

Rockland Trust and its affiliated foundations provided more than **\$1 million** in grants to education, health and human services, youth, affordable housing, and community development programs



Chris Oddleifson
President and Chief Executive Officer

OVER 80 BRANCHES 123 ATM LOCATIONS



- Branch Locations
- Residential Lending Centers
- Commercial Lending Centers
- Investment Management Group Offices

percent. Our ability to leverage the resources we built up over the years enabled us to control expenses and steadily improve our efficiency ratio. We also continued to build capital, growing our book value by 9 percent and our tangible book value by 10 percent.

We further strengthened the Rockland Trust franchise by completing the acquisition of the Bank of Cape Cod in November, considerably deepening our Cape Cod presence. Additionally, we announced our expansion onto Martha's Vineyard with the acquisition of The Edgartown National Bank, which we expect to close in the second quarter of 2017.

We Are Making Banking Easier

Our record performance is the result of our ability to successfully create meaningful relationships with our customers and stay relevant to them over the years in a constantly changing environment.

The ever-increasing rate of technological innovation presents opportunities, as well as risk.

To fully engage our customers, Rockland Trust has developed a strong foundation of digital services to make banking easier for consumers and businesses. These services provide a seamless experience across multiple platforms, including mobile devices, tablets, laptops, and Personal Computers, along with features such as mobile deposit and remote check deposit for businesses. In

2016 we added mobile wallets, rolling out Apple, Samsung, and Android Pay. We also introduced instant-issue debit cards in all our branches, and the SecureLOCK mobile app designed to help prevent fraud on your debit card.

We Are Helping Our Colleagues and Communities Thrive

For more than 100 years we've worked tirelessly to build an amazing team of colleagues with diverse backgrounds, perspectives, and experiences. None of our success would be possible without their hard work, talent, and commitment to exceptional results. Rockland Trust's outstanding performance is a tribute to their teamwork and leadership.

In 2016, our contributions to our colleagues and communities continued to earn recognition from respected third parties. We were named again to *The Boston Globe's* Top Places to Work list for the eighth consecutive year, rated second overall and the highest ranking financial institution among all large employers in Massachusetts. We also received a 100 percent score on the Human Rights Campaign's Corporate Equality Index for our LGBT workplace policies and practices.

Outside of the office our colleagues spent thousands of hours volunteering through RockCorp, the Bank's community outreach program, at local community organizations. Further, Rockland Trust and our affiliated foundations donated more than \$1 million in charitable grants to nonprofits supporting programs

“Our record performance in 2016 is the result of our ability to successfully create meaningful relationships with our customers and stay relevant to them over the years in a constantly changing environment.”

for health and human services, youth, education, community development, and affordable housing.

We also strengthened our Board of Directors by welcoming a new member, Mary Lentz, who joined the Board in the last quarter of 2016. With 34 years of commercial real estate experience and strong connections in the Boston community, Mary is a valuable addition to our team.

We Are Prepared for the Future

We're fortunate to live in a region with a strong local economy. As a Massachusetts-based company we're benefiting from low unemployment, strong wage growth, and a robust business environment. Nationally, however, there is a lot of uncertainty for corporate America and the banking industry in particular. Any changes in key issues such as tax reform, banking regulation, trade policies, interest rates, and infrastructure spending will present scenarios with different consequences for our customers and our business.

For the year ahead, our priorities are to sustain our investment in the digital arena and continue to leverage our branch system, which has grown to nearly 85 branches across eastern Massachusetts. We'll also focus on deepening the new customer relationships from our recent acquisitions, increasing our penetration into the Greater Boston market, and expanding our products to address customer needs.

This is an exciting time. Years of hard work and discipline have positioned us well in an industry that is undergoing dramatic transformation.

With their passion for service excellence, our wonderful team of Rockland Trust colleagues will capitalize on opportunities as they arise. We will continue to invest in our colleagues to make them even more successful and also continue to support our customers and communities with whom we enjoy deep, long-lasting relationships. Moreover, with the trust we've earned from our shareholders, Rockland Trust will continue to grow and be a leader in the banking industry.

Thank you for your support,



Chris Oddleifson
*President and Chief Executive Officer
Independent Bank Corp.
Rockland Trust Company*

Added mobile wallets and instant-issue debit cards to our platform of digital banking services

Completed acquisition of New England Bancorp on Cape Cod

Announced acquisition of Martha's Vineyard's Island Bancorp

ROCKLAND

2016 ACCOLADES



Named by *The Boston Globe* one of the “**Top Places to Work**” for the 8th consecutive year. Top ranked financial institution among Massachusetts’ largest employers.



Named by the Human Rights Campaign to **Best Places to Work for LGBT Equality** for scoring 100% on their Corporate Equality Index.

The logo for Bank Director, featuring the word "Bank" in orange and "Director" in black.

Ranked the #1 performing bank in Massachusetts by *Bank Director* in their annual **Bank Performance Scorecard**.



Named **Lender of the Year to Construction** firms by the U.S. Small Business Administration, Massachusetts.

The logo for Banker & Tradesman, featuring the text "BANKER & TRADESMAN" in white on a red background, with "THE FINANCIAL SERVICES AND REAL ESTATE WEEKLY FOR MASSACHUSETTS" in smaller text below.

The logo for Top Lenders, featuring the words "TOP LENDERS" in green and black.

Ranked by Banker & Tradesman as the **Top Lender** for commercial mortgages.

The logo for Boston Business Journal, featuring the text "Boston Business Journal" in black.

Named a **Top Charitable Contributor** by the *Boston Business Journal*.



Corporate Information

Board of Directors

Donna L. Abelli
Board Chair

William P. Bissonnette

Kevin J. Jones

Mary L. Lentz

Eileen C. Miskell

John J. Morrissey

Gerard F. Nadeau

Daniel F. O'Brien

Christopher Oddleifson

Carl Ribeiro

John H. Spurr, Jr.

Maurice H. Sullivan, Jr.

Frederick Taw

Brian S. Tedeschi

Thomas R. Venables

Officers of Independent Bank Corp.

Christopher Oddleifson
President and Chief Executive Officer

Robert D. Cozzone
Chief Financial Officer and Treasurer

Barry H. Jensen
Chief Information Officer

Kathryn T. Robson
Chief Internal Auditor

Mark Ruggiero
*Controller and Principal
Accounting Officer*

Edward H. Seksay
General Counsel and Secretary

Officers of Rockland Trust Company

Christopher Oddleifson
Chief Executive Officer

Robert D. Cozzone
Chief Financial Officer

Raymond G. Fuerschbach
*Director of Human Resources
(Retiring 5/1/2017)*

Maria Harris
*Director of Human Resources
(Effective 5/1/2017)*

Barry H. Jensen
Chief Information Officer

Jennifer Marino
Chief Marketing Officer

Gerard F. Nadeau
President

Jonathan Nelson
Treasurer

Kathryn T. Robson
Chief Internal Auditor

Mark Ruggiero
*Controller and Principal
Accounting Officer*

Edward H. Seksay
General Counsel and Secretary

David B. Smith, CFA
*Managing Director
Investment Management Group*

Debra Smith
*Director
Banking Operations*

ROCKLAND TRUST | Banking

ROCKLAND TRUST

Banking

Open 7 Days

Open 7 days
10am - 2pm

495

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**INDEPENDENT
BANK CORP.**

Parent of Rockland Trust

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