



2018 ANNUAL REPORT

GROWING TOGETHER

INDEPENDENT
BANK CORP.

Parent of Rockland Trust

ROCKLAND TRUST, the sole subsidiary of Independent Bank Corp. (INDB), is a full-service commercial bank headquartered in Massachusetts. The Bank has 1,200 colleagues at more than 89 branches, 13 commercial lending centers, and 8 investment management offices. Rockland Trust provides personal and business banking, commercial lending, investment management, insurance, mortgages and home equity lending, and mobile and Internet banking.

FINANCIAL CONDITION DATA

	As of and for the year ended December 31				
<i>(Dollars in thousands, except per share data)</i>	2018	2017	2016	2015	2014
Loans	\$6,906,194	\$6,355,553	\$5,999,605	\$5,547,721	\$4,970,733
Total assets	8,851,592	8,082,029	7,709,375	7,209,469	6,364,318
Total deposits	7,427,120	6,729,253	6,412,253	5,990,703	5,210,466
Stockholders' equity	1,073,490	943,809	864,690	771,463	640,527
CAPITAL RATIOS					
Tier 1 leverage capital ratio	10.69%	10.04%	9.77%	9.33%	8.84%
OPERATING DATA					
Net interest income	\$ 298,165	\$ 258,860	\$ 227,844	\$ 214,928	\$ 196,042
Noninterest income	88,505	82,994	82,428	75,888	69,943
Noninterest expenses	225,969	204,359	192,122	197,138	171,838
Net income	121,622	87,204	76,648	64,960	59,845
PER SHARE DATA					
Net income—diluted	\$ 4.40	\$ 3.19	\$ 2.90	\$ 2.50	\$ 2.49
Cash dividends declared	1.52	1.28	1.16	1.04	0.96
OPERATING RATIOS					
Return on average assets	1.46%	1.11%	1.04%	0.93%	0.95%
Return on average common equity	12.31%	9.55%	9.43%	8.79%	9.66%
Net interest margin (on a fully tax equivalent basis)	3.91%	3.60%	3.40%	3.42%	3.45%
ASSET QUALITY RATIOS					
Nonperforming loans as a percent of gross loans	0.66%	0.78%	0.96%	0.50%	0.55%
Nonperforming assets as a percent of total assets	0.51%	0.62%	0.80%	0.41%	0.61%

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.

Serving Local Communities
since 1907

Welcome to
ROCKLAND
TRUST

ROCKLAND
TRUST

Dear Friends,

I have had the privilege to lead Independent Bank Corp. and Rockland Trust Company for 16 years and have never been more proud of my colleagues than in 2018. Together we achieved record financial results, earned high customer satisfaction scores, and built an even stronger company.

Our full year net income and earnings per share reached record levels in 2018. Each grew by nearly 40% over the previous year, reaching \$121.6 million and \$4.40 respectively. Growth across all our business areas was robust, with total loans growing by 8.7% and deposits by 10.4%. During the year, our pristine credit quality resulted in a mere \$1.1 million in net charge-offs, or 2 basis points of average loans, our expense control led to an all-time low efficiency ratio of 58.4%, and our fourth quarter net interest margin increased to 4.05%. Rockland Trust grew core households 3.5 times faster than the formation of new households in Massachusetts, a telltale sign of our strengthening brand recognition. The value of a share of our common stock ended the year at \$70.31, representing a Tangible Book Value multiple of 2.46, the highest amongst our New England peers.

Our footprint continued to expand as we deepened our presence in existing markets through the acquisition of The Milford National Bank & Trust Company, the expansion of our Cape Cod hub in Hyannis, the opening of our first branch in downtown Boston, and a new branch in Newton. We entered new communities with the opening of our first commercial lending and investment management center in Worcester, and positioned ourselves for significant future growth with the planned addition of Blue Hills Bank. We also introduced new



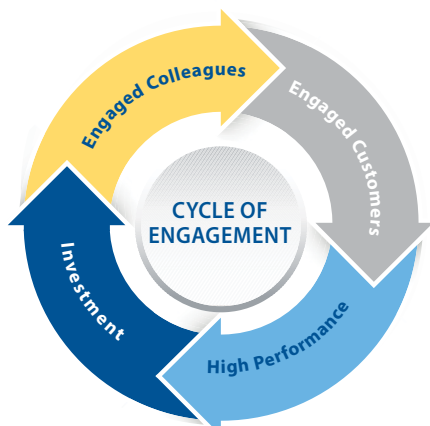
products and services to make banking easier, such as CardSwap which updates a customer's payment information with just one click, Video Tellers which enable us to extend our banking hours, and convenient upgrades to our mobile and online capabilities.

In addition, *The Boston Globe* named Rockland Trust one of the Top Places to Work for the tenth year in a row and received a perfect score by the Human Rights Campaign as one of the Best Places to Work for LGBTQ Equality for the fourth consecutive year. We were also ranked a Top Lender by *Banker & Tradesman* for the sixth straight year, and again honored as a top charitable contributor by the *Boston Business Journal* for the fifth consecutive year.

As I reflect on our sustained high performance, I often consider the importance of building momentum in the Cycle of Engagement that I described in last year's shareholder letter. That cycle does not operate in a vacuum. Instead, the cycle is formed, nurtured, guided by a vision, and supported by values that my colleagues practice in an authentic way. It is fed by our healthy culture.



Our full year operating net income and earnings per share reached record levels in 2018, growing by nearly 40% over the previous year.



OUR PASSION TO EXCEED EXPECTATIONS CREATES A VIRTUOUS CYCLE—ENGAGED EMPLOYEES PROVIDE EXEMPLARY SERVICE TO OUR CUSTOMERS, WHO REWARD US WITH MORE BUSINESS, WHICH ENABLES US TO REINVEST IN OUR COLLEAGUES, CUSTOMERS, AND COMMUNITIES.

A number of years ago we set off on a journey to identify the elements that make up our culture. With a history that stretches back to the early 1900s, our culture had developed over the course of many years. Instead of relying on a few corporate managers to define what we thought our culture had become, we asked many colleagues and customers what they thought made Rockland Trust so special and unique. Corporate aspirations for culture are often very different than what customers actually experience. Rockland

Trust, however, heard a resoundingly similar message from both colleagues and customers who both said relationships were our distinguishing element.

From this discovery, we developed our vision to be the bank *Where Each Relationship Matters*®. This concept has an ageless appeal that reflects the human desire to seek relationships in the world around us. It is a seemingly simple idea that withstands changes across time in our external environment, but is complex to put into action and deliver on a continual basis. The phrase *Where Each Relationship Matters* is both an inspiration and an aspiration. It is inspiring because it transforms our purpose from selling to meeting the true needs of our customers. It is also aspirational because we know that we always have the opportunity to build deeper, more helpful relationships with our customers.

Rockland Trust provides an environment where our colleagues and customers are treated as unique human beings who share their lives with us, not as components in a machine or a source of business that needs to be captured. We're mindful that in addition to their relationship with us, their lives include relationships with family and friends. This may sound odd, but I am constantly surprised by how organizations rarely take the personal approach which is second nature to us here at Rockland Trust. A relationship-oriented environment allows us to focus on each individual relationship, both inside and outside the Company, creating and growing our connections with each other and with our customers.



“ We consciously strive to develop a workplace that is inclusive of everyone and respectful of each individual. ”

With this intent and purpose, we consciously strive to develop a workplace that is inclusive of everyone and respectful of each individual regardless of their opinions, lifestyle, or background. We choose to care deeply about those around us, because our fate is closely tied to their fate. It is a daily refrain from all my colleagues to be the bank *Where Each Relationship Matters* and to live that day in and day out.

Our focus on relationships is supported by values in the form of a series of promises we make to all those we serve:

- **TO OUR CUSTOMERS WE PROMISE: YOU WILL RECEIVE EXEMPLARY SERVICE FROM CARING PROFESSIONALS WHO PROVIDE ADVOCACY, STABILITY, AND KNOWLEDGE IN FULFILLING YOUR FINANCIAL NEEDS.**
- **TO OUR COMMUNITIES WE PLEDGE: WE WILL STRENGTHEN THE COMMUNITIES IN WHICH WE WORK AND LIVE, AND BUILD ENDURING RELATIONSHIPS.**
- **TO OUR COLLEAGUES WE PROMISE: WE ARE COMMITTED TO A CULTURE OF INCLUSION, RESPECT, TEAMWORK, AND EMPLOYEE ENGAGEMENT. EACH OF YOU IS CRITICAL TO OUR FUTURE AND WE WILL INVEST IN YOUR SUCCESS.**
- **TO OUR SHAREHOLDERS WE VOW: EACH ONE OF US IS RESPONSIBLE TO HELP MEET OR EXCEED YOUR FINANCIAL AND ETHICAL EXPECTATIONS.**

You may be thinking that many companies have words similar to these which are often displayed in a beautiful glass frame. In our case, we capture them in a Plexiglas

pyramid to illustrate that these promises are the pillars supporting our actions and commitments. Viewing any one of the promises in isolation, it would be easy to think our promises are just platitudes crafted by the CEO. The actual deeds that demonstrate that we live up to our words make them credible. The challenge is to bring this concept to life and sustain it year over year.

This is where the power of stories comes in. Ever since the beginning of time, humanity has shared stories that help shape culture. The same is true at Rockland Trust, where many of our stories relate to how we help our customers build their businesses and realize their dreams. In my many conversations with customers in our branches, at their businesses, or in the community, I hear many examples of how my colleagues went the extra mile to help. Invariably, a story focuses on a specific colleague or group of colleagues that exceeded the customer's expectations in some way. Some you would expect from a financial institution: we stay late, open early, go to people's houses, visit them at the hospital, hand deliver important financial documents when mail and email aren't available, help them learn how to use their smartphones, and celebrate their birthdays and anniversaries. I also receive letters commending my colleagues that often end with phrases like "Rockland Trust is a Bank with Heart!," "you are a complete and caring listener," "extraordinary examples of human kind in actions," and "what you have done helps real people and changed the world for the better."

Some stories are unusual and completely unexpected. One of my favorites is a story about a customer on



“ Looking ahead, we’re excited about our prospects for the future and the new stories that our deeds will write about our culture and accomplishments. ”

Cape Cod: during a visit to our Chatham branch, while walking to a meeting room, our customer abruptly stopped in front of a painting of a ship that he was astonished to recognize as the very same vessel that had transported his father to Ellis Island when he immigrated to this country. It was clear that this picture had touched his heart. To his surprise and delight, the branch manager took the picture off the wall and gave it to him! While I can assure you that we do not have a policy that encourages making gifts of art work to customers, that gesture was absolutely perfect for the occasion and we celebrated the quick thinking of our branch manager.

You will not find “instructions” on how to create stories like this in our procedures guide or policy manual. They are the outcome of the authentic practices that reflect the discretionary effort of my colleagues as they bring their best selves to work every day. Like any highly regulated bank, we have a lot of important rules, policies, procedures, and risk parameters we constantly monitor. However, what these stories show are the values in action that are the core of our caring and respectful culture.

Looking ahead, we’re excited about our prospects for the future and the new stories that our deeds will write about our culture and accomplishments. In the next year, we will make significant strides as we integrate Blue Hills Bank with Rockland Trust. Following that transaction, we will become one of the largest regional community banks in New England with approximately 100 branches, more than 1,300 colleagues, and over \$11 billion in assets.

As I was writing this letter, *Forbes* named Rockland Trust one of the World’s Best Banks. We are among the 1.2% of United States banks that made the list, ranking first in Massachusetts and ninth in our entire country. This honor recognizes our focus on relationships and our commitment to living up to our promise to be the bank *Where Each Relationship Matters*.

We take nothing for granted and expect that external factors will continue to be a challenge, but we feel confident about our future. Our cultural commitment to supporting the diversity of our colleagues, customers, and communities will help us continue to grow. While we are grateful to be recognized for our financial accomplishments, what is most meaningful are the accolades for the special culture we have worked so hard over the years to create. Our ongoing success is a testament to the hard work of my talented colleagues and the enduring relationships they forge with each other and the communities Rockland Trust serves.

Thank you for your trust and confidence in Rockland Trust,
Chris

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



ROCKLAND TRUST

Community report

WE BELIEVE that our future is tied to the well-being of the communities we serve. At Rockland Trust, being a bank is about more than providing financial products and services—it's also about being a strong advocate and steward for the community organizations that help support the individuals, families, and businesses that make up our communities. This is a fundamental belief that has been a core element of our culture for more than 110 years.



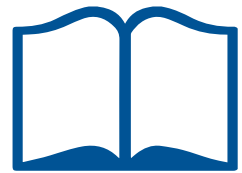
\$1.2 million

ROCKLAND TRUST DONATED **\$1,179,452** CHARITABLE GRANTS TO NONPROFITS, AND PROVIDED **\$531,543** IN SPONSORSHIPS SUPPORTING COMMUNITY ORGANIZATIONS.



9 scholarships

AWARDED THROUGH ROCKLAND TRUST'S ANNUAL SCHOLARSHIP PROGRAM FOR HIGH SCHOOL SENIORS.



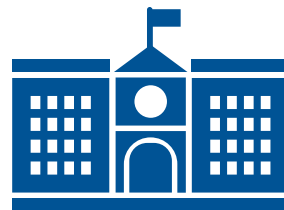
16,871 books

NEARLY **1,700** SCHOOLCHILDREN PARTICIPATED IN **READING MAKES CENT\$**, READING NEARLY **17,000** BOOKS AND SAVING OVER **\$42,000**.



15,000+ hours

BANK COLLEAGUES DONATED MORE THAN **15,000** HOURS TO LOCAL ORGANIZATIONS, SUPPORTING CHARITABLE EVENTS SERVING ON COMMUNITY AND NON-PROFIT BOARDS.



Credit for Life Fairs

ROCKLAND TRUST SUPPORTED CREDIT FOR LIFE FAIRS IN BOSTON, HANOVER, HINGHAM, AND PEMBROKE, MA.

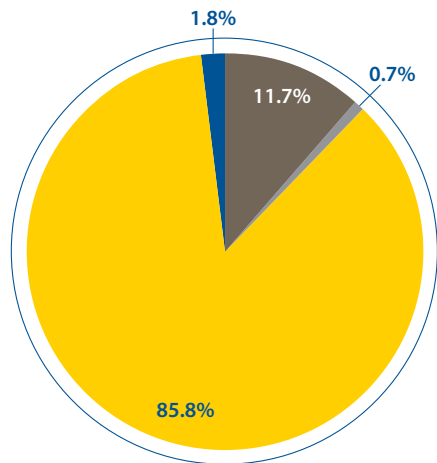
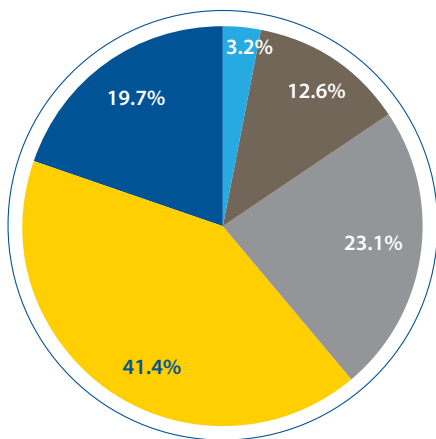


ROCKLAND TRUST
Foundation Giving

Affordable Housing	\$38,000
Community Development	\$148,550
Education	\$271,890
Health and Human Services	\$488,512
Youth Programs	\$232,500
TOTAL	\$1,179,452

ROCKLAND TRUST
Corporate Giving

Affordable Housing	\$0
Community Development	\$16,000
Education	\$1,000
Health and Human Services	\$117,800
Youth Programs	\$2,500
TOTAL	\$137,300





Pine Manor College, \$10,000

L/R: Colleen Gouveia Moulton and Paula Murphy of Rockland Trust, Pine Manor College President Thomas O'Reilly, students Qarin Porter and Shirley Ubiera, College Dean Diane Mello-Gardner, student Feven Bedard-Khalid, College Finance Director Timothy Johnson, student Kingsley Calixte, Rockland Trust CEO Christopher Oddleifson, College VP of Advancement Janine Dailey, and Rockland Trust Charitable Foundation Manager, Jeanne Travers.



Our Martha's Vineyard colleagues photographed here after a hard day's work helping the Trustees of Reservations remove rubbish and debris from their newly acquired beachfront property, "The Brickyard."

2018 ACCOLADES



Named by *The Boston Globe* one of the “Top Places to Work” in Massachusetts for the 10th consecutive year.



Human Rights Campaign Best Places to Work for LGBTQ Equality: Human Rights Campaign Foundation designated Rockland Trust a Best Place to Work for LGBTQ Equality for the 4th consecutive year.



Boston Business Journal's Top Corporate Charitable Contributors
Named by the *Boston Business Journal* for the 4th consecutive year as one of the region's top corporate charitable contributors.



Banker & Tradesman:

Ranked the #1 lender of commercial mortgages in terms of number of loans.



Robert Cozzone recognized as a “**CFO of the Year**” by the *Boston Business Journal*.



Christopher Oddleifson named to the *Boston Business Journal's* **Power 50** for his leadership and impact in Greater Boston.



Rockland Trust Commercial Lending Officers photographed alongside Executive Director of Caritas Communities, Mark Winkeller, at the groundbreaking for the O'Connor Way Senior Housing Development in South Boston. Photo by Romana Vysatova, courtesy of Caritas Communities.

Directors of Independent Bank Corp. and Rockland Trust Company

Donna L. Abelli
Board Chair

Michael P. Hogan

Kevin J. Jones

Mary L. Lentz

Eileen C. Miskell

John J. Morrissey

Gerard F. Nadeau

Daniel F. O'Brien

Christopher Oddleifson

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

Barry H. Jensen
Chief Technology and Operations Officer

Jonathan Nelson
Treasurer

Kathryn T. Robson
Chief Internal Auditor

Mark Ruggiero
Controller and Principal Accounting Officer

Edward H. Seksay
General Counsel

Officers of Rockland Trust Company

Christopher Oddleifson
Chief Executive Officer

Gerard F. Nadeau
President and Chief Commercial Banking Officer

Robert D. Cozzone
Chief Financial Officer and Executive Vice President, Consumer & Business Banking

Maria Harris
Director of Human Resources

Barry H. Jensen
Chief Technology and Operations Officer

Jennifer Marino
Chief Marketing and Customer Officer

Jonathan Nelson
Treasurer

Kathryn T. Robson
Chief Internal Auditor

Mark Ruggiero
Controller and Principal Accounting Officer

Edward H. Seksay
General Counsel

David B. Smith, CFA
Managing Director Investment Management Group

Debra Smith
Director of Banking and Digital Operations

INDEPENDENT BANK CORP.

Parent of Rockland Trust

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