

ERG

Initiating Coverage:

Independent Bank Corp.

Banking Subsector

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Financials Industry



Third Year



Anthony Gibbs is an Equity Research Analyst and Banking Subsector Lead at ERG. He oversees the organization's coverage of the banking industry, working with analysts to strengthen investment theses, financial models, valuation work, industry research, and final reports. He also leads ERG's coverage of Independent Bank Corp. (NASDAQ: INDB), focusing on the company's loan portfolio, deposit base, net interest margin, credit quality, capital position, profitability, and valuation. His research evaluates the key catalysts and risks shaping the bank's long-term investment outlook.

Letter from the *Executive Board*

We are proud to present ERG's Summer 2026 equity research publication, a collection of student-led reports built through detailed company research, financial modeling, valuation work, and investment thesis development.

ERG was founded with a simple goal: to give students a serious environment to learn how to think like investors. Our analysts do not only summarize companies. They build views, test assumptions, compare businesses across sectors, and defend their conclusions through evidence. This publication reflects that process.

This semester, our members worked across multiple sectors and subsectors, covering businesses through both company-specific analysis and broader industry research. Each report required analysts to form a clear recommendation, support it with valuation work, identify key risks, and communicate the thesis in a way that is useful to readers.

We are especially grateful to our sector leads, subsector leads, analysts, and executive board members who helped bring this publication together. Their work strengthened the quality of each report and helped establish the standards ERG will continue to build on.

As a student-led organization, we are still growing, but this publication represents an important step forward. It shows the type of research culture we want to create: rigorous, collaborative, independent, and grounded in thoughtful analysis.

Thank you for reading and supporting ERG.

Sincerely,

The Executive Board

Equity Research Group at Northeastern

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Executive Summary

Independent Bank Corp closed at \$82.96 on 6/24/2026, in the upper half of its 52-week range of \$57.01 to \$87.00. The previous year's trading tracked both the regional-bank group and INDB-specific events, including the Enterprise Bancorp acquisition that closed July 1, 2025, and the Q3 2025 print that missed consensus on an unguided Day-2 provision against the acquired loan book. At \$82.96 the shares trade at 1.73x tangible book, a premium to the peer median, which is the starting point for our SELL thesis.

Trading Data and Recent Price Movement

Metric	Value
Price (\$)	82.96
Date of Price	6/24/2026
52-Week Range (\$)	\$57.01 - \$87.00
Market Cap (\$M)	4,064
Fiscal Year End	December
Shares O/S (M)	49
Float (M)	48.7
Dividend Yield %	3.31
Price Target	65.03
Downside	21.6%

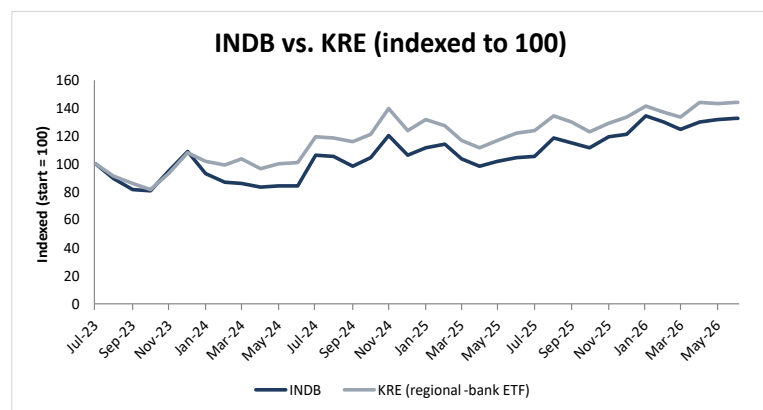


Figure 1 – INDB share price vs. KRE (3 years prior to report). Source: Yahoo Finance; ERG estimates.

Business Overview

Independent Bank Corp. is a Massachusetts-based bank holding company whose sole banking subsidiary, Rockland Trust Company, is a commercial bank primarily serving Eastern Massachusetts and Rhode Island. INDB has multiple sources of income, including commercial banking, retail banking, and wealth management, creating value through the spread between interest earned on loans and interest paid on deposits. INDB's loan portfolio is concentrated in commercial real estate and business lending. Commercial banking is INDB's largest revenue source, with interest and fees on loans accounting for more than three quarters of total revenue in 2025. Retail banking serves individual consumers through deposit accounts, mortgage lending, and ATM and transaction fees, accounting for the remaining non-interest income alongside other business lines. Wealth management oversees \$9.2 billion in assets under administration as of Q3 2025 and is the fastest growing segment of the business.

Business Model

INDB derives its revenue predominantly from net interest income, which is the spread between the yield on its loan portfolio and the cost of its deposit base. The loan book is concentrated in commercial real estate and C&I lending, while the deposit base is predominantly low-cost demand and savings deposits. Non-interest income comes from wealth management fees on ~\$9.2B of assets under administration, deposit service charges, and mortgage banking. Customers fall into three groups: commercial clients (the dominant earnings driver), retail consumers using checking, savings, and mortgage products, and wealth management clients. The lending business is contractual with multi-year loan terms producing recurring interest income, while a sticky deposit base provides low-cost funding that drives unit economics. INDB sits in the standard regional bank role as an intermediary between Eastern Massachusetts depositors and borrowers, with limited geographic diversification outside of New England.

Product and Segment Breakdown

Product	% of Revenue	FY25 Growth (%)	Key Partners	Notes
Net Interest Income	~83%	+26%	FHLB (wholesale funding); Federal Reserve (rate cycle)	The dominant engine. Almost entirely Enterprise-acquisition-driven, not organic; underlying NIM is compressing.
Non-Interest Income	~17%	+16%	Payment networks (interchange); GSEs (mortgage)	Wealth management, deposit service charges, and mortgage banking. More stable than spread income, but too small to offset NII pressure.

Management & Governance

CEO Jeff Tengel: Jeff Tengel became President and CEO of Independent Bank Corp. on February 6, 2023, taking over after Christopher Oddleifson. He is a career commercial banker, most recently serving as Senior EVP and Head of Commercial Specialty Banking at M&T Bank (from April 2022 to Feb 2023) around M&T's acquisition of People's United. Before that, Tengel was President of People's United Financial from 2018 to 2022, where he oversaw a \$63B asset platform. His strategic vision has emphasized continuity with the Oddleifson franchise rather than reinvention, with stated aspirations to "return INDB to its historical market premium valuation." Tengel's delivery on prior guidance is mixed: he has beaten NIM guidance consistently and executed the Enterprise Bancorp integration on time, but core profitability has moved the wrong direction under his tenure: ROA has declined every year he has been in the seat, from 1.24% in 2023 to 0.99% in 2024 to 0.92% in 2025, well below the franchise's historical numbers despite a meaningfully larger asset base. Also, on March 4, 2026, Tengel publicly announced a lymphoma diagnosis, which he described as highly treatable but still constitutes an undeniable risk given INDB has no public successor.

CFO Mark Ruggiero: Mark Ruggiero has served as CFO of Independent Bank Corp. and Rockland Trust since 2019. A Bentley University graduate, he joined INDB from Marcum and previously served as its Bank Controller and Principal Accounting Officer. Under Tengel he also took on EVP of Consumer Lending in March 2023, broadening his operational remit. His capital allocation philosophy is conservative: he targets long-term CET1 of 11.75-12% and tangible capital of 8.75-9%, frames buybacks as opportunistic, and was vocally cautious about M&A before the M&A pause. His guidance posture is conservative on NIM, as he has repeatedly under-promised and raised. His guidance posture on expenses is in-line, but his 2026 ROA and ROTCE targets (1.40% / 15% by Q4 2026) are stretched against Q1 2026 reported figures of 1.31% ROA and 13.67% ROTCE (Q1 2026 annualized), and even further from the full-year 2025 ROA of 0.92% that the bank delivered.

Management track record: Management's quantitative guidance has delivered mostly cleanly under Tengel but hidden in consistency is a general lack of quality regarding earnings, or merit thereof. NIM guidance has been repeatedly beat, as Q4 2026 NIM guidance rose from the initial Enterprise deal model of 3.70–3.75% to 3.90–3.95% as of Q1 2026. Enterprise integration milestones, including the October 2025 systems conversion, were delivered on schedule, however, the metrics that matter for long-term shareholder value have worsened. Full-year ROA has fallen each year under Tengel (1.24% in 2023, 0.99% in 2024, 0.92% in 2025), the efficiency ratio has deteriorated from 53.72% to 61.79% across the same window, and Q3 2025 reported earnings missed Street consensus when a Day-2 PCD provision on the acquired Enterprise loan book drove a material quarterly EPS shortfall, since management had not pre-communicated provisioning magnitude. The trend to be found here is that while NIM and expense lines hit the marks given by the administration, credit and underlying capital-efficiency metrics started and continued to disappoint.

Capital Allocation: Capital under Tengel has been deployed almost entirely into the Enterprise Bancorp acquisition, which closed July 1, 2025, at a \$562M deal value. The transaction issued approximately 7.0M net new INDB shares, lifting share count from ~42M pre-deal to 48,985,295 by year-end 2025, a ~16.6% share-count expansion in a single transaction. Common dividends have grown steadily across the tenure, with the quarterly payout rising from \$0.55 at takeover to \$0.64 by Q1 2026, and the bank continuing to distribute ~50% of net income to shareholders. Buyback activity was modest pre-deal but accelerated sharply post-close, with a \$150M authorization put in place in July 2025 and Q1 2026 alone absorbing \$63M of repurchases. Management also raised \$250M of subordinated notes before the Enterprise closure to defend regulatory capital ratios and retired approximately \$100M of older sub-debt in the same period, leaving \$296.5M of subordinated notes due 2035 on the balance sheet at year-end 2025, consistent with the figure shown in the balance sheet snapshot. The question of strategy is whether this scale of deployment has been productive for shareholders. The Enterprise deal was modeled to be earnings-accretive, and management has hit early integration milestones, but ROA has declined every year of the Tengel tenure (1.24% in 2023, 0.99% in 2024, 0.92% in 2025), even as the asset base has grown materially. The decline is evidence that incremental capital is not earning the returns it used to.

Guidance / Plans Going forward: Management has committed to an M&A pause through October 2026, when the bank completes a core systems conversion from FIS HORIZON to FIS IBS. That timing matters because the serial-acquirer premium baked into INDB's multiple assumes a steady deal pipeline, and management has just taken near-term deals off the table for an extensive period. For 2026, management guides to a Q4 NIM of 3.90-3.95%, non-interest expense of \$550-555M (excluding \$4-5M of one-time

conversion costs), and full-year targets of 1.40% ROA and 15% ROTCE by year-end. The Q4 2026 ROA target is the one to watch. Against a Q1 2026 print of 1.31%, full-year 2025 ROA of 0.92%, and a three-year declining trajectory, hitting 1.40% requires three independent things to go right at once: continued NIM expansion, full Enterprise cost-save realization, and stable credit. CRE and construction loan growth guidance was also revised down in Q1 2026 to flat or low single-digit, removing another source of revenue uplift. No multi-year strategic targets have been formally communicated, and INDB does not host an Investor Day, so the market has less to anchor on if 2026 execution slips.

Industry Overview and Moat Analysis

Industry Overview

The U.S. banking industry holds ~\$25.3 trillion in total assets as of Q4 2025, spread across ~4,336 FDIC-insured institutions, of which ~3,909 are community banks such as INDB. Industry loans grew 5.9% in 2025 (the fastest pace since 2022) and deposits have grown for six straight quarters, but this is a low-growth industry where most of the movement comes from rate-driven margin swings and consolidation rather than organic volume. INDB's addressable market is its New England deposit footprint: it runs 151 branches and holds ~\$20.5B in deposits (FDIC deposit data, FY2025) across Eastern Massachusetts, Worcester County, southern New Hampshire, and Rhode Island. Its real strength sits outside the Boston core, where it ranks #1 in Plymouth County (26.9% deposit share) and top five in six of its twelve counties. In the broader Boston MSA, though, INDB is a small player at ~\$11.4B in deposits versus Bank of America ~\$88.8B, Citizens ~\$58.6B, and Eastern ~\$20.8B, so its served market is regional and suburban rather than statewide.

A few structural forces shape the industry. Deposit competition and funding costs spiked through the rate cycle and are only now easing as the Fed cuts, commercial real estate—especially office—remains a credit-stress overhang, and consolidation is steady (Massachusetts state-chartered banks fell from 121 in 2015 to 88 in 2025). Regional banking is also highly cyclical, tied directly to interest rates and credit quality, and the 2023 failures (SVB, Signature, First Republic) left lasting effects: tighter liquidity supervision, more scrutiny of uninsured deposits, and regional bank valuations that still sit below their pre-2023 multiples (~1.0 to 1.2x tangible book versus 1.5x before). On regulation, INDB at \$24.9B in assets is well past the \$10B threshold (which triggers the Durbin interchange cap and CFPB supervision) but comfortably below the \$100B line for enhanced prudential standards, and it is not directly subject to the Basel III Endgame re-proposal released in March 2026. The macro backdrop is a Fed funds rate held at 3.50 to 3.75% with inflation back up to 3.8% year-over-year in April 2026, which keeps funding costs elevated and pressures NIM. One Massachusetts-specific force matters directly to INDB: a rent control ballot initiative cleared its signature threshold in December 2025 and could appear on the November 2026 ballot, capping rent increases statewide and pressuring the ~\$2B multifamily book INDB carries.

Comparable Companies Analysis

Company	Ticker	Market Cap (\$B)	Rev. Growth (%)	PPNR Margin (%)	P/TBV	Key Differentiator
Eastern Bankshares	EBC	4.2	33.7%	43.7%	1.51	Largest MA-headquartered bank; #4 in Boston MSA deposits; top SBA lender in MA
Provident Financial	PFS	2.9	25.3%	47.3%	1.37	NJ/NY/PA commercial bank; highest PPNR margin in peer set
WesBanco	WSBC	2.9	61.8%	36.3%	1.49	Multi-state Appalachian / Mid-Atlantic (8 states total); Premier Financial acquired 2025
NBT Bancorp	NBTB	2.3	20.8%	36.1%	1.66	Upstate NY / Northern New England; Evans Bancorp added 5/2025; strong fee-income mix (~28% of revenue)
Fulton Financial	FULT	3.4	6.2%	39.7%	1.40	Pennsylvania / Mid-Atlantic; Republic Bank (from FDIC) acquired 2024; \$16B+ wealth AUM
Community Financial System	CBU	3.2	9.6%	37.0%	2.94	Diversified financial: banking + employee benefits + insurance + wealth (~40% fee income); ~19% ROTCE; high efficiency ratio reflects fee businesses, not bank inefficiency
Peer Average		3.15	26.2%	40.0%	1.73	
Peer Median		3.05	23.1%	38.4%	1.50	
Independent Bank Corp	INDB	3.7	23.2%	38.2%	1.62	Eastern MA; #1 in Plymouth County (26.9% deposit share); lowest-cost deposit franchise in NE peer set
INDB vs. Peer Median		N/A	+0.1%	-0.2%	+0.12	

Sources: Company 10-K filings; S&P Capital IQ. BRKL and FFIN omitted (BRKL no longer exists; FFIN is Texas-based, a different market). Revenue growth figures for peers reflect each company's most recently reported fiscal year; INDB's 23.2% figure is calculated from rounded segment totals and differs slightly from the 24.3% shown in the income statement, which uses unrounded figures.

Note: Peer median is emphasized over peer average because CBU's diversified fee-income model and 2.94x P/TBV multiple make it an outlier relative to the core regional-bank peer set.

Moat Analysis

Under the Morningstar framework, INDB rates a narrow moat at best, and that moat is not translating into above-peer returns. For switching costs, commercial banking relationships are sticky, as a business with its operating accounts, treasury management, payroll, and credit lines tied to one bank causes real change friction (60 to 120 days) to move everything. INDB's 28% non-interest-bearing deposit mix—which is well above the ~20% peer median—confirms a meaningful base of operating relationships rather than rate-shopping balances. But these switching costs deliver stability, not pricing power, since INDB still cannot raise fees or pay below-market rates without losing customers. Network effects are essentially nonexistent here, as banking is not a two-sided market and INDB has no payments platform or scale dynamic that gets stronger as more customers join.

The “Rockland Trust” brand is a local advantage. It has over a century of operating history and consistently ranks well in New England satisfaction surveys. Still, it carries no significant national recognition or cross-state influence, and the banking charter that acts as a barrier to entry is one every peer holds as well, so it does little to set INDB apart. The strongest piece of the moat case is INDB's cost advantage on deposits. The FY2025 cost of deposits was ~1.56% (1.46% in Q4), versus a peer median closer to 1.80%, which is a structural edge worth ~\$40 to \$50 million a year on a \$20B (rounded) deposit base. That advantage is built on the low-cost operating accounts and local density described above, and it’s not easily copied by competitors. The problem is that this advantage is narrowing. The Enterprise acquisition brought on higher-cost deposits that lifted INDB's blended deposit cost, and competition from brokerage sweeps and fintech savings accounts paying 4%+ is steadily pulling out the cheap, non-operating retail balances that made the franchise low-cost in the first place.

Efficient scale is the last piece, and it only works in part of INDB's market. The bank holds strength in its core Southeastern Massachusetts and Cape counties (ranked #1 in Plymouth at 26.9%, top-3 on the Cape and islands), supporting low deposit costs and giving them its branch-network operating leverage in those markets. But in the Boston MSA, where most of the region's economic activity sits, INDB is sub-scale and has no efficient-scale advantage at all. At consensus, the honest verdict is a narrow moat that is not currently earning its keep. A bank with durable competitive advantages should be posting above-peer-median returns, but INDB's ROA fell from 1.24% in 2023 to 0.92% in 2025, its ROTCE of 14.05% sits below the peer median of 16.1%, and its efficiency ratio worsened from 53.72% to 61.79%. The deposit franchise and local density are real, but the declining returns show the moat is either narrower than the market believes or is being squeezed faster than management's narrative admits. Either way, the current valuation is paying for a “strong moat”, high-return franchise that the actual numbers do not support.

Key Drivers & KPIs

KPI Analysis

KPI	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	Impact
PPNR	\$338M	\$283M	\$328M	\$418M	\$392M	Primary earnings measure
NIM	3.54%	3.28%	3.57%	3.88%	3.72%	Profitability of lending
Efficiency Ratio	53.72%	58.92%	61.79%	58%	60%	Expense efficiency
ROA	1.24%	0.99%	0.92%	1.25%	1.10%	Asset profitability
NPA %	0.28%	0.52%	0.34%	0.5%	0.45%	Credit stress

Source: INDB 10-K and 10-Q filings; FY2026E-FY2027E are analyst estimates.

PPNR, NIM, and ROA collectively measure INDB's profitability (all three respectively show deterioration since 2022 following acquisition-driven scale increases). The efficiency ratio and NPA ratio are important because they serve to highlight two risks: rising operating costs relative to revenue and growing credit stress. A pushback was brought up on a sell call, arguing that our own forecast shows the key metrics improving in 2026, with ROA recovering from 0.92% to ~1.25% and NIM expanding to 3.88%. We are not disputing that the reported numbers can appear better next year, the real point is why they look better. The 2026 lift is almost entirely purchase accounting accretion from the Enterprise deal (the same +17bps that drove the Q1 2026 NIM headline), plus a clean year against 2025, which carried the \$54M East Boston charge-off. None of that is the franchise earning more on its own. Accretion is a finite, front-loaded benefit that winds down as the acquired loan marks amortize through 2027 and 2028, so the improvement peaks in 2026 and then eases back toward what the bank realistically earns, ~11.5% ROTCE and ~1.0% ROA. The misprice sits in that gap, and is expected to be realized after 2028, not before. The market is reading the accretion-flattered 2026 numbers as the new run-rate and paying 1.73x tangible book as if this were a 14-15% ROTCE franchise, when the sustainable level is closer to 11.5%. The sell is not a call that every quarter gets worse from here. It is a call that the near-term strength is temporary and already priced as permanent, and that reported returns converge down to the real number as the acquisition tailwind runs out.

Revenue Model

INDB's revenue comes from two segments: net interest income (the spread the bank earns on loans funded by deposits) and non-interest income (wealth management fees, deposit service charges, and mortgage banking). We forecast each segment on its own rather than top-down, since the two run on different drivers. The 2026 jump is not organic. It is the first full year of Enterprise (the deal closed July 1, 2025, so 2025 only carried half a year) plus the peak of purchase accounting accretion, which together lift reported revenue ~16%. From there the picture turns. Organic growth runs in the low single digits, below GDP, since INDB is concentrated in Massachusetts mostly outside Boston, CRE growth is slow, and the M&A engine is paused through October 2026. That thin organic growth is not enough to cover the accretion rolling off, so reported revenue eases slightly in 2027 before settling into a low single-digit organic rate later. In short, 2026 is the acquisition-fed top, and revenue drifts down from there as the one-time benefits expire.

Revenue Build

Segment	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E
Net Interest Income	607M	562M	709M	835M	818M
Non-Interest Income	125M	128M	148M	158M	162M
Total Revenue	731M	690M	858M	993M	980M
YoY Growth %	+4%	-5.7%	+24.3%	+15.8%	-1.3%

Note: the FY2026E increase reflects the first full year of the Enterprise acquisition (closed July 1, 2025; FY2025A includes only a half year), so it is an acquisition-driven step-up rather than organic growth. The ~3% organic growth rate resumes from FY2027 onward.

Margin Bridge

For a bank the key margin is NIM. The most informative way to see what is really driving this margin is the most recent quarter. Reported NIM expanded 13 bps quarter over quarter in Q1 2026, which on the surface looks like momentum and progress, but the entire move came from purchase accounting accretion tied to the 2025 Enterprise acquisition, which added 17 bps. By removing this, organic NIM contracted 4 bps, as easing deposit costs (the Fed cutting from the 2024 peak helps the funding side) were offset by softening loan yields and competition on the asset side. The accretion is the part that matters for the forecast period, since it is a temporary, mechanical benefit that reverses through 2027-2028 as the acquired loan marks amortize. On the expense side, operating leverage has gone the wrong way, as the efficiency ratio worsened to 61.79% with acquisition-driven costs outpacing revenue, which compresses the PPNR margin even in quarters when NIM holds. The headline growth looks fine with 13 bps of growth, but the underlying trend is flat or even compressing once the one-time accretion fades.

Margin Driver	Impact (bps)	Direction	Explanation
Purchase accounting accretion (Enterprise)	+17	Positive	Acquired-loan marks boosted reported NIM
Organic spread	-4	Negative	Core NIM contracted as loan yields softened
Net reported NIM change (Q1 2026)	+13	Positive (accretion-driven)	The full move is accretion; organic NIM compressed underneath

Investment Theses

1. Premium valuation not justified by returns

INDB trades at 1.73x tangible book against a 1.50x peer median, yet it earns a 14.05% ROTCE (TTM) that sits below the 16.1% peer median and the lowest ROA in the peer set. The market is paying a premium multiple for below-median profitability, and the premium holds on earnings too, even against the accretion-inflated 2026 estimates. We value the bank with a residual income model, the right framework for a bank because it ties value to how much capital it holds and how far above its cost of equity it earns on that capital. With a 9.26% cost of equity, a forward ROTCE of 11.5%, and a 3% long-run growth rate, the model supports a justified P/TBV of about 1.36x and a fair value near \$65.03, roughly 21% below the \$82.96 price. The 11.5% forward ROTCE is the load-bearing input, and it sits below the 14% INDB reports today because the reported figure is flattered by Enterprise purchase accounting accretion that fades through 2027 and 2028 (next thesis). The market is capitalizing that accretion-inflated return as if it were permanent, and the gap to the bank's sustainable earning power is the downside.

2. Acquisition gains mask flat organic earnings

Bank growth often comes through acquisition, and that is true across the sector, so the issue is not that INDB grows inorganically. Consolidation is a normal way for community banks to add scale, and growth is growth. The issue is what is happening underneath the deals. INDB's headline gains track its acquisitions rather than improving operations: PPNR jumped after the 2021 Meridian deal, which added a \$5.3B loan book and lifted total assets about 46%, and rose 15.6% in 2025 after Enterprise added roughly \$5.0B in assets and \$3.9B in loans. Strip the deals out and the underlying trend is flat to down. ROA fell each year from 1.24% in 2023 to 0.92% in 2025, the efficiency ratio worsened from 53.72% to 61.79% over the same stretch, and organic loan growth was roughly flat in 2025 before turning slightly negative (down 0.4%) in Q1 2026.

We grant that part of the ROA decline is macro. The 2022 rate peak lifted bank ROAs across the board, and some normalization since then is industry-wide rather than company-specific. That is exactly why the peer comparison matters. Over the same period INDB's peers saw ROA, efficiency, and credit hold flat or improve, and four of them integrated their own acquisitions in the same window and still improved. INDB moved the other way, so this is not just the rate cycle washing out, it is INDB executing worse than comparable banks.

The clearest single example is the Q1 2026 margin. Reported NIM of 3.90% looked like momentum, up 13bps sequentially, but 17bps of that came from Enterprise accretion, and underneath, organic NIM contracted about 4bps. We would not lean on a 4bp move as proof the bank cannot grow, since rates are also coming down and 4bps is small. The point is about quality, not direction: the reported expansion is mechanical and temporary, not the franchise earning more, so investors extrapolating the headline are extrapolating accretion.

3. Acquisition credit risk the market underprices

INDB's premium reflects its record as a serial acquirer, but that same history carries credit and integration risk we think the market is underpricing. Credit from old deals keeps surfacing. The \$54M East Boston charge-off came from the Meridian book years after that deal was called a success, though at roughly 1% of the acquired book it is broadly in line with normal loss rates, so we do not lean on it as a standalone red flag. The clearer signal is recent: criticized and classified commercial loans rose 21.7% in Q1 2026 to \$575.5M, and the NPL ratio backed up to 0.52%, its 2024 spike level. What makes that stand out is the peer comparison. Over the same period the peer set's problem assets were flat to improving (PFS NPA around 0.32%, FULT around 0.58%, NBTB NPL around 0.45%), so INDB's credit is drifting the wrong way while comparable banks are not. On CRE, management frames the falling concentration ratio (about 318% down to 283% of risk-based capital) as de-risking. Part of that is mechanical, since the ratio fell mostly because risk-based capital grew when INDB issued shares for Enterprise, not because the CRE book shrank in dollars. That said, the added capital is a real cushion and does lower risk the way regulators measure it. Our point is narrower: INDB still carries a large CRE book, that exposure will generate credit costs as the cycle normalizes, and those costs will pressure the earnings the market is paying a premium for.

Financial Model

Income Statement

(\$M unless noted)	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E
Net Interest Income	606.5	561.7	708.8	835	818	805	800
Non-Interest Income	124.6	128	148.7	158	162	166	170
Total Revenue	731.1	689.7	857.5	993	980	971	970
YoY Growth (%)	0.40%	-5.70%	24.30%	15.80%	-1.30%	-0.90%	-0.10%
Non-Interest Expense	392.7	406.4	529.9	574.9	588	595.8	600
PPNR (Pre-Provision Net Revenue)	338.4	283.4	327.6	418.1	392	375.2	370
PPNR Margin (%)	46.30%	41.10%	38.20%	42.10%	40.00%	38.60%	38.10%
Provision for Credit Losses	23.3	36.3	65.5	24	26	28	29
Pre-Tax Income	315.1	247.1	262.2	394.1	366	347.2	341
Tax Expense	75.6	55	57	86.7	80.5	76.4	75
Effective Tax Rate (%)	24.00%	22.30%	21.80%	22.00%	22.00%	22.00%	22.00%
Net Income	239.5	192.1	205.1	307.4	285.5	270.8	266
Net Margin (%)	32.80%	27.80%	23.90%	31.00%	29.10%	27.90%	27.40%
Diluted EPS (\$)	\$5.42	\$4.52	\$4.44	\$6.30	\$5.85	\$5.55	\$5.45
Diluted Shares (M)	44.2	42.5	46.2	48.8	48.8	48.8	48.8

Note: FY2026E non-interest expense (\$574.9M) sits modestly above management's \$550-555M core guide, reflecting a conservative assumption on the pace of Enterprise cost-save realization and full-year integration costs.

Sources: INDB 10-K and 10-Q filings; analyst estimates for FY2026E–FY2029E.

Quarterly EPS Estimates

	FY2025A	FY2026E
Q1	\$1.04	\$1.63 (A)
Q2	\$1.20	\$1.56
Q3	\$0.69	\$1.56
Q4	\$1.52	\$1.55
FY	\$4.44	\$6.30

Source: FY2025A quarterly EPS are actuals from Independent Bank Corp quarterly earnings releases (Form 8-K, Exhibit 99.1, Q1 through Q4 2025), with the full-year figure from the 2025 Form 10-K. Q1 2026 is actual; Q2–Q4 FY2026E figures are analyst estimates derived from the segment revenue model.

Balance Sheet Snapshot

\$M	FY2024A	FY2025A	FY2026E
Cash & Equivalents	219.9	771.9	700.0
Total Loans, net	14,338.4	18,313.9	18,500.0
Total Deposits	15,306.0	20,126.8	20,400.0
Total Equity	2,993.1	3,565.7	3,720.0
TCE / Tangible Assets (%)	10.9%	9.9%	10.3%
Loan-to-Deposit (%)	94.8%	91.9%	90.7%
Total Borrowings	701.4	825.8	800.0
— Subordinated notes (due 2035)	0.0	296.5	296.5

Sources: INDB 10-K and 10-Q filings; FY2026E figures are analyst estimates.

Free Cash Flow Build

(\$M unless noted)	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E
PPNR (replaces EBITDA)	338.4	283.4	327.6	418.1	392.0	375.2	370.0
(–) Provision for Credit Losses	23.3	36.3	65.5	24.0	26.0	28.0	29.0
(–) Cash Taxes	75.6	55.0	57.0	86.7	80.5	76.4	75.0
(+) D&A	38.0	40.0	42.1	50.0	51.0	53.0	54.0
(–) CapEx	44.0	46.0	48.4	52.0	53.0	55.0	56.0
Free Cash Flow	233.5	186.1	198.8	305.4	283.5	268.8	264.0
FCF Margin (%)	31.9%	27.0%	23.2%	30.8%	28.9%	27.7%	27.2%
FCF Yield (%)	6.2%	4.9%	5.2%	8.1%	7.5%	7.1%	7.0%

Source: FY2023A–FY2025A from Independent Bank Corp FY2025 Form 10-K (consolidated statements of income and cash flows); PPNR is calculated as net interest income plus noninterest income less noninterest expense. FY2026E–FY2029E are analyst estimates.

Per Share Data

Per-Share Metrics	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E
Diluted EPS (\$)	\$5.42	\$4.52	\$4.44	\$6.30	\$5.85	\$5.55	\$5.45
Revenue / Share (\$)	\$16.54	\$16.23	\$18.56	\$20.35	\$20.08	\$19.90	\$19.88
FCF / Share (\$)	\$5.28	\$4.38	\$4.30	\$6.26	\$5.81	\$5.51	\$5.41
Book Value / Share (\$)	\$65.50	\$70.40	\$72.79	\$76.80	\$80.00	\$82.70	\$85.20
Dividends / Share (\$)	\$2.20	\$2.28	\$2.36	\$2.56	\$2.69	\$2.82	\$2.96
Payout Ratio (%)	40.6%	50.4%	53.2%	40.6%	46.0%	50.8%	54.3%

Sources: derived from the Income Statement and Free Cash Flow Build above; share count and dividends from INDB 10-K and 10-Q filings. FY2026E–FY2029E are analyst estimates.

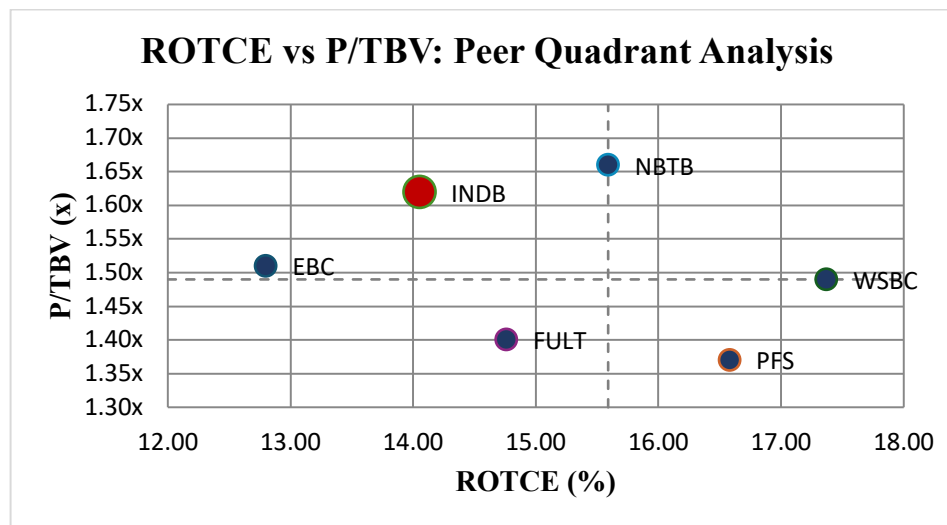
Valuation Methods

Peer Multiples Detail

Company	Ticker	P/TBV	ROTCE	P/E (TTM)
Eastern Bankshares	EBC	1.51x	12.80%	10.77x
Provident Financial	PFS	1.37x	16.58%	9.35x
WesBanco	WSBC	1.49x	17.37%	10.27x
NBT Bancorp	NBTB	1.66x	15.59%	12.71x
Fulton Financial	FULT	1.40x	14.76%	10.06x
Community Financial System	CBU	2.94x	~19%	15.5x
Peer Median		1.50x	16.1%	10.52x
Independent Bank Corp	INDB	1.73x	14.05%	18.7x
Premium to Median		+15.3%	-205 bps	+77.8%

Note: INDB's trailing multiple is elevated because FY2025 GAAP EPS of \$4.44 was compressed by one-time items: a \$65.5M total provision expense that included a \$34.5M Day-2 provision against the acquired Enterprise loan book and elevated Meridian-related credit losses, plus ~\$24M of Enterprise merger costs, none of which recur. On forward FY2026E EPS the multiple falls to 12.3x, but we do not read that as cheap, since FY2026E is the accretion-inflated peak and that forward figure is flattered by the same temporary purchase-accounting benefit that fades through 2027 to 2028. Against sustainable earning power (~11.5% ROTCE), INDB still trades at a premium to the peer median on every basis.

Sources: P/TBV and P/E shown on a trailing basis (market price as of 6/24/2026 divided by Q1 2026 tangible book value per share and trailing-twelve-month EPS, from each company's Q1 2026 earnings release, Form 8-K Exhibit 99.1). ROTCE from the same releases. Analyst-compiled.



Note: The axes in this graph represent the peer medians, an ROTCE of 16.1% and a P/TBV of 1.50x. Companies that lie in the first quadrant have an above median P/TBV, but are justified with an above median return on tangible common equity. In quadrant 3 is the opposite but also makes sense, where companies like FULT with weaker returns also have smaller P/TBV ratios. INDB once again shows its overpriced value due to its high P/TBV without the support of an above-median ROTCE.

Implied Valuation

Metric	INDB Current	Peer Median	Implied Equity Value (\$M)	Implied Price (\$)
P / TBV	1.73x	1.50x	3,517	\$71.79
P / FY2026E EPS	12.3x	10.52x	3,234	\$66.28

Notes: INDB does not warrant a premium to the peer median, and a case can be made for a slight discount. The premium it trades at rests on its serial-acquisition record and a reported return profile we expect to fade, not on current fundamentals. On the metrics that set a bank's multiple, INDB screens below the group: a 14.05% reported ROTCE against a 16.1% peer median, the lowest ROA in the set, and organic growth that has stalled (loans down 0.4% in Q1 2026) with the M&A engine paused through October 2026. A bank earning below-median returns should trade at or below the median multiple, not above it, which is why both implied values land under the current \$82.96. We treat the P/TBV figure (~\$72, applying the 1.50x peer median to tangible book) as the generous end, since it still hands INDB a peer-level multiple its returns do not support. The P/E approach applies the peer median to INDB's FY2026E earnings, which is its accretion-flattered peak year, and still implies only the mid-\$60s. Our residual income model, which prices the return shortfall directly, supports a justified 1.36x P/TBV and a \$65.03 fair value, the low end of this range and the figure we anchor to.

Sources: Each company's Q1 2026 earnings release, Form 8-K Exhibit 99.1; INDB Q1 2026 release; FY2026E EPS from the financial model. Implied equity values and prices are analyst derived.

Residual Income Model

We value INDB with a residual income model rather than discounted cash flow. A DCF does not fit a bank, since the balance sheet is the operating engine rather than something to finance and strip out, and depreciation and capital spending are footnotes rather than drivers of value. A residual income model fits because it values the bank on the two things that drive a bank's worth: how much capital INDB holds and how far above its cost of equity INDB earns on that capital. The model starts from tangible book value per share and capitalizes the spread between INDB's sustainable forward return on tangible common equity and its cost of equity, which produces a justified price-to-tangible-book multiple and a fair value per share. The load-bearing input is the forward ROTCE, set at 11.5%, below the ~14% INDB reports today, because the reported figure is flattered by Enterprise purchase accounting accretion that fades through 2027 and 2028.

Inputs

Input	Value	Basis
Risk-free rate	4.27%	10-year U.S. Treasury, as of 6/24/2026
Beta	0.87	Adjusted beta (Blume-adjusted 5-yr)
Expected market return	10.0%	Long-run (~100-year) average annual S&P 500 total return
Cost of equity (CAPM)	9.26%	$R_f + \text{Beta} \times (R_m - R_f)$
Forward sustainable ROTCE	11.5%	Analyst estimate; reported ~14% less fading accretion
Terminal growth rate	3.0%	Long-run nominal GDP proxy
Tangible book value / share	\$47.86	INDB Q1 2026 release (Form 8-K, Exhibit 99.1)
Current market price	\$82.96	As of 6/24/2026

Valuation

Output	Value	Calculation
Justified P/TBV	1.36x	$(\text{ROTCE} - g) / (\text{CoE} - g) = (11.5\% - 3.0\%) / (9.26\% - 3.0\%)$
Fair value per share	\$65.03	Justified P/TBV x TBV/share = 1.36 x \$47.86
Current price	\$82.96	As of 6/24/2026
Implied downside	-21.6%	$(\$65.03 - \$82.96) / \$82.96$
Rating	SELL	

Sensitivity: Fair Value per Share

Forward ROTCE \ Cost of Equity	8.26%	8.76%	9.26%	9.76%	10.26%
10.5%	\$68.30	\$62.37	\$57.38	\$53.14	\$49.47
11.0%	\$72.86	\$66.53	\$61.21	\$56.68	\$52.77
11.5%	\$77.41	\$70.68	\$65.03	\$60.22	\$56.07
12.0%	\$81.96	\$74.84	\$68.86	\$63.76	\$59.37
12.5%	\$86.52	\$79.00	\$72.68	\$67.31	\$62.67

Note: The base case is the center cell (\$65.03). The SELL holds across nearly the entire grid; fair value only exceeds the \$82.96 market price in the top-left corner, which requires a higher sustainable ROTCE (12% or more) and a lower cost of equity (below ~8.75%) at the same time.

Source: analyst-derived residual income model. Risk-free rate is the 10-year U.S. Treasury yield as of 6/24/2026; expected market return is the long-run average annual S&P 500 total return; tangible book value per share is from INDB's Q1 2026 earnings release (Form 8-K, Exhibit 99.1). Cost of equity, justified P/TBV, and fair value are analyst-calculated; forward ROTCE and terminal growth are analyst estimates.

Probability-Weighted Scenarios

Scenario	Probability	Forward ROTCE	Cost of Equity	Fair Value	Probability-Weighted
Bull	20%	12.5%	8.76%	\$79.00	\$15.80
Base	50%	11.5%	9.26%	\$65.03	\$32.52
Bear	30%	10.5%	9.76%	\$53.14	\$15.94
Probability-Weighted Fair Value	100%				\$64.26

Key assumptions by scenario

Bull: purchase-accounting accretion proves stickier than modeled, organic NIM stabilizes, credit stays benign, and the market re-rates INDB to a lower risk premium as rates ease. Sustainable ROTCE holds near 12.5%.

Base: accretion fades on schedule to a sustainable 11.5% ROTCE, credit normalizes modestly, and the risk premium is unchanged. This is our central case.

Bear: accretion fades faster, the criticized and classified loans that rose 21.7% in Q1 2026 convert to charge-offs, the CRE and multifamily book absorbs rent-control and credit stress, and the market demands a higher risk premium. ROTCE settles near 10.5%.

The probability-weighted fair value of ~\$64 corroborates our \$65.03 residual income target, and both sit well below the \$82.96 market price. The bull case reaches only \$79, barely above the current price, so even if INDB sustains a premium 12.5% return and the market re-rates its risk lower, the stock is worth roughly what it trades at today.

ESG Assessment

Dimension	Assessment
Environmental	Low environmental footprint; limited direct environmental exposure
Social	Rockland Trust lends locally and ranks well in regional employee and customer satisfaction surveys. The community-bank model is a genuine social positive.
Governance	CEO Jeffrey Tengel's March 2026 lymphoma disclosure raises key-person risk, the board has overseen an aggressive serial-acquisition strategy, and management's failure to pre-communicate the size of the Q3 2025 provision was a disclosure misstep that surprised the market.

Notes: Governance is most important and relevant for INDB's evaluation

Valuation Summary

Our ~\$65.03 fair value reflects a blended approach across three methods, anchored on the residual income model and corroborated by comparable companies and probability-weighted scenarios. All three land below the \$82.96 market price.

Method	Implied Price (\$)	Weight (%)	Contribution (\$)
Residual Income Model	65.03	50%	32.52
Comparable Company Analysis	65.00	30%	19.50
Probability-Weighted Scenarios	64.26	20%	12.85
Price Target	\$65.03	100%	

At ~\$65.03, the implied downside from the \$82.96 market price is ~21%, consistent with our SELL rating.

Source: Analyst derived. Method values are taken from the residual income model, comparable company analysis, and probability-weighted scenarios above; weights reflect analyst judgment.



Ownership & Short Interest

INDB's ownership is normal for a regional bank. Institutional investors hold ~78% of the stock, led by big index managers (BlackRock with ~12%, Vanguard at ~10%, and Dimensional at ~4.7%), so most of the float sits with passive funds rather than active investors who may be more focused on the stock. Insider ownership is low at 1-2%, normal for a bank this size. Short interest is modest at ~4.1% of shares with ~6.6 days to cover—this is not a heavily shorted stock. The takeaway is that the bears here are valuation-driven (passive investors) rather than positioned and anticipating, meaning a re-rating in the direction fair value would likely come from fundamentals (fading accretion, weak organic growth) rather than a specific catalyst event.

Metric	Value
Institutional Ownership (%)	78%
Top 5 Institutional Holders	BlackRock, Vanguard, Dimensional, State Street, Geode
Insider Ownership (%)	1-2%
Short Interest (% of Float)	4.1%
Days to Cover	~6.6

Sources: SEC 13F filings (institutional ownership and top holders); INDB 2026 proxy / DEF 14A (insider ownership); Nasdaq short-interest data.

Catalysts and Timelines

Catalyst	Timeline	Thesis Link	Mechanism
Q3 2026 earnings (anniversary of the PCD provision)	Oct 2026	Thesis 2 / 3	Tests whether credit and core earnings normalize or the provision pattern repeats
Purchase accounting accretion runoff	2H 2026 - 2027	Thesis 2	Exposes weak organic NIM as the temporary accretion fades, compressing the premium
Massachusetts rent control ballot vote	Nov 2026	Thesis 3	If it passes, it will cap rent growth on the ~\$2B multifamily book, pressuring NOI and credit
October 2026 core systems conversion	Oct 2026	Thesis 3	A stumble in the conversion would raise costs and dent execution confidence
Continued credit deterioration (criticized/classified loans)	Quarterly 2026	Thesis 3	Rising problem loans support the M&A credit-risk thesis and pressure the multiple

Sources: INDB earnings calls and 10-Q disclosures; Massachusetts 2026 ballot information (Secretary of the Commonwealth). Catalysts and timeline analyst identified.

Risks and Mitigants

Risk	Probability	Impact	Mitigant
Faster ROAA recovery toward management's ~1.40% target	40-60%	Medium	Organic NIM is still contracting and returns remain below the peer median, so a durable recovery is not yet evident
Successful M&A restart after the October 2026 conversion	20-40%	Medium	M&A is paused through at least October 2026, and integration credit risk remains a concern
Strong organic NIM expansion in 2027 as accretion rolls off	20-40%	High	Organic NIM contracted 4 bps in Q1 2026 once accretion is stripped out
Sharp Fed cuts that lower deposit costs faster than asset yields	40-60%	Medium	Asset yields fall alongside funding costs, so the net benefit to NIM is likely modest
Rent control measure fails or is removed from the ballot	50-75%	Low	The valuation and returns case for the SELL stands without it
Sector-wide regional-bank re-rating or a takeover premium	30-50%	Medium	INDB's below-peer returns cap how far its multiple can re-rate, and it just paused M&A

Source: analyst derived. Probability and impact ratings reflect analyst judgment; the underlying figures (NIM, ROTCE, the M&A pause, the rent-control ballot) are sourced in the body of the report.

Thesis Invalidation Triggers

- Operating ROAA recovers above 1.30% for 3 consecutive quarters after purchase-accounting accretion begins rolling off.
- The efficiency ratio improves below 58% on a sustained basis (versus 61.79% in 2025).
- Organic NIM (EXCLUDING purchase accounting accretion) expands for three consecutive quarters instead of contracting.
- Operating ROTCE rises above the peer median (~16.1%).
- Criticized and classified commercial loans fall back below ~\$475M and the NPL ratio drops below 0.40%.
- The stock de-rates significantly below the peer median P/TBV (~1.50x), removing the valuation premium that partially supports the SELL conclusion.

Conclusion

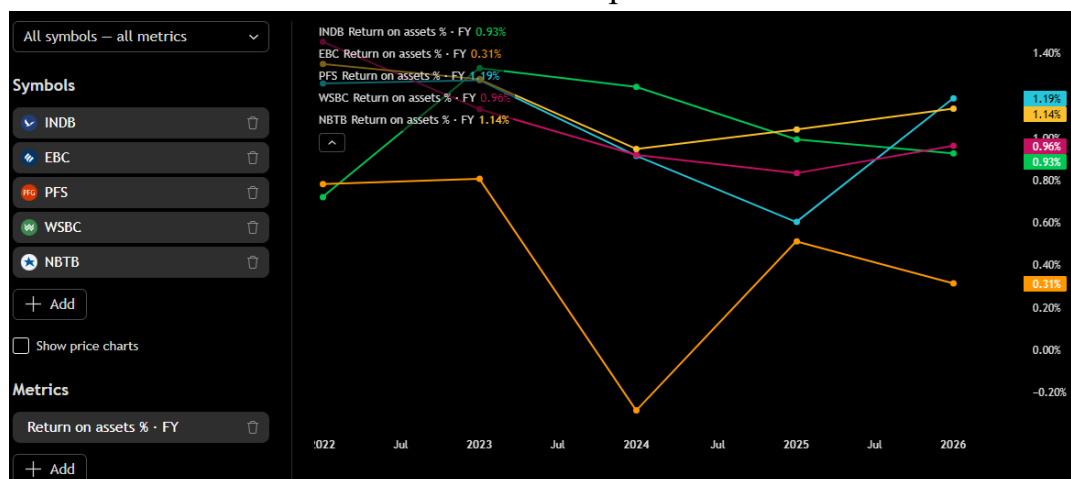
We rate INDB a SELL with a fair value of ~\$65.03, ~21% below the current price of \$82.96. The call rests on three points. First, the market pays a premium multiple, 1.73x tangible book against a peer median near 1.50x, for a return profile that sits below its peers, and we expect that return to fade as the Enterprise deal's purchase-accounting accretion rolls off through 2027 and 2028. A sustainable ROTCE near 11.5% supports ~1.36x tangible book, or ~\$65, on a residual income basis. Second, the growth that earns INDB its premium is bought rather than built: both of the past five years' jumps in pre-provision earnings came from acquisitions, and underneath Q1 2026's headline margin expansion, organic NIM contracted once accretion is stripped out. Third, the serial-acquisition strategy carries credit and integration risk the market is not pricing, with criticized and classified loans rising and the M&A engine paused through at least October 2026.

We are not arguing that INDB is a weak bank. It is a well-run franchise with a strong deposit base, and our case is narrower: the price assumes a level of return and growth the business is unlikely to sustain once the acquisition accounting fades. The SELL could be wrong if returns recover toward management's targets, if credit stays clean, or if a reopened deal pipeline and a sector-wide re-rating lift the multiple. Even after weighing those risks, our residual income model, our comparable-company analysis, and our probability-weighted scenarios all land between ~\$64 and \$65.03, below today's price.

Rating: SELL | Price Target: \$65.03 | Downside: 21% | Time Horizon: 6–18 months

Appendix

Peer ROA Comparison



Sources & Methodology

This report draws on publicly available company filings and market data, including INDB and peer company SEC Forms 10-K, 10-Q, 8-K earnings releases, and DEF 14A proxy statements; company investor materials and earnings call transcripts; SEC Forms 13F for institutional ownership; S&P Capital IQ for financials, valuation multiples, beta estimates, and peer benchmarking; Nasdaq short-interest data; U.S. Treasury yield data; Federal Reserve rate and banking data; FDIC Summary of Deposits data; Massachusetts Secretary of the Commonwealth ballot filings; and published sell-side research from Barclays and Seaport Global. Additional support was sourced from company press releases, regulatory capital disclosures, dividend and repurchase filings, and publicly available stock-price data as of the valuation date.).

Disclosures

Analyst: Anthony Gibbs

Date of Report: June 24, 2026

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