REFINITIV

DELTA REPORT

10-Q

INDB - INDEPENDENT BANK CORP

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	925
CHANGES	260
DELETIONS	382
ADDITIONS	283

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.

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024 June 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 1-9047

Independent Bank Corp.
(Exact name of registrant as specified in its charter)

MA	**04-2870273**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

Office Address:	**2036 Washington Street,**	**Hanover,**	**MA**	**02339**
Mailing Address:	**288 Union Street,**	**Rockland,**	**MA**	**02370**

(Address of principal executive offices, including zip code)

(781) 878-6100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value per share	INDB	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	x	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☒

As of May 6, 2024 August 5, 2024, there were 42,465,754 42,483,113 shares of the issuer’s common stock outstanding, par value $0.01 per share.

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PART 1. FINANCIAL INFORMATION
Item 1. Financial Statements

INDEPENDENT BANK CORP.
CONSOLIDATED BALANCE SHEETS
(Unaudited—Dollars in thousands)

	March 31 2024	December 31 2023
	June 30 2024	December 31 2023
Assets		
Cash and due from banks		
Interest-earning deposits with banks		
Securities		
Trading		
Trading		
Trading		
Equity		
Available for sale (amortized cost $1,402,389 and $1,459,862)		
Held to maturity (fair value $1,383,621 and $1,417,608)		
Available for sale (amortized cost $1,344,856 and $1,459,862)		
Held to maturity (fair value $1,357,869 and $1,417,608)		
Total securities		
Loans held for sale (at fair value)		
Loans		
Commercial and industrial		
Commercial and industrial		
Commercial and industrial		
Commercial real estate		
Commercial construction		
Small business		
Residential real estate		
Home equity - first position		
Home equity - subordinate positions		
Other consumer		
Total loans		
Less: allowance for credit losses		

Net loans
Federal Home Loan Bank stock
Bank premises and equipment, net
Goodwill
Other intangible assets
Cash surrender value of life insurance policies
Other assets
Other assets
Other assets
Total assets
Liabilities and Stockholders' Equity
Deposits
Noninterest-bearing demand deposits
Noninterest-bearing demand deposits
Noninterest-bearing demand deposits
Savings and interest checking accounts
Money market
Time certificates of deposit
Total deposits
Borrowings
Federal Home Loan Bank borrowings
Federal Home Loan Bank borrowings
Federal Home Loan Bank borrowings
Junior subordinated debentures (less unamortized debt issuance costs of $30 and $30)
Junior subordinated debentures (less unamortized debt issuance costs of $29 and $30)
Junior subordinated debentures (less unamortized debt issuance costs of $30 and $30)
Junior subordinated debentures (less unamortized debt issuance costs of $29 and $30)
Junior subordinated debentures (less unamortized debt issuance costs of $30 and $30)
Junior subordinated debentures (less unamortized debt issuance costs of $29 and $30)

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Subordinated debentures (less unamortized debt issuance costs of $20)
Total borrowings
Other liabilities
Total liabilities
Commitments and contingencies
Stockholders' equity
Preferred stock, $0.01 par value, authorized: 1,000,000 shares, outstanding: none
Preferred stock, $0.01 par value, authorized: 1,000,000 shares, outstanding: none
Preferred stock, $0.01 par value, authorized: 1,000,000 shares, outstanding: none
Common stock, $0.01 par value, authorized: 75,000,000 shares, issued and outstanding: 42,452,457 shares at March 31, 2024 and 42,873,187 shares at December 31, 2023 (includes 215,412 and 162,812 shares of unvested participating restricted stock awards, respectively)
Value of shares held in rabbi trust at cost: 82,042 shares at March 31, 2024 and 80,222 shares at December 31, 2023
Common stock, $0.01 par value, authorized: 75,000,000 shares, issued and outstanding: 42,469,867 shares at June 30, 2024 and 42,873,187 shares at December 31, 2023 (includes 207,354 and 162,812 shares of unvested participating restricted stock awards, respectively)
Value of shares held in rabbi trust at cost: 78,726 shares at June 30, 2024 and 80,222 shares at December 31, 2023
Deferred compensation and other retirement benefit obligations
Additional paid in capital
Retained earnings
Accumulated other comprehensive loss, net of tax

Total stockholders’ equity	
Total liabilities and stockholders' equity	

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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INDEPENDENT BANK CORP.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited—Dollars in thousands, except per share data)

	Three Months Ended Three Months Ended Three Months Ended March 31 March 31 March 31	Three Months Ended June 30		Six Months Ended
	2024	2023	2024	2023
Interest income				
Interest income				
Interest income				
Interest and fees on loans				
Interest and fees on loans				
Interest and fees on loans				
Taxable interest and dividends on securities				
Taxable interest and dividends on securities				
Taxable interest and dividends on securities				
Nontaxable interest and dividends on securities				
Nontaxable interest and dividends on securities				
Nontaxable interest and dividends on securities				
Interest on loans held for sale				
Interest on loans held for sale				
Interest on loans held for sale				
Interest on federal funds sold and short-term investments				
Interest on federal funds sold and short-term investments				
Interest on federal funds sold and short-term investments				
Total interest and dividend income				
Total interest and dividend income				
Total interest and dividend income				
Interest expense				
Interest expense				
Interest expense				
Interest on deposits				
Interest on deposits				
Interest on deposits				
Interest on borrowings				
Interest on borrowings				
Interest on borrowings				
Total interest expense				
Total interest expense				
Total interest expense				
Net interest income				

Net interest income
Net interest income
Provision for credit losses
Provision for credit losses
Provision for credit losses
Net interest income after provision for credit losses
Net interest income after provision for credit losses
Net interest income after provision for credit losses
Noninterest income
Noninterest income
Noninterest income
Deposit account fees
Deposit account fees
Deposit account fees
Interchange and ATM fees
Interchange and ATM fees
Interchange and ATM fees
Investment management and advisory
Investment management and advisory
Investment management and advisory
Mortgage banking income
Mortgage banking income
Mortgage banking income
Increase in cash surrender value of life insurance policies
Increase in cash surrender value of life insurance policies
Increase in cash surrender value of life insurance policies
Gain on life insurance benefits
Gain on life insurance benefits
Gain on life insurance benefits
Loan level derivative income
Loan level derivative income
Loan level derivative income
Other noninterest income
Other noninterest income
Other noninterest income
Total noninterest income
Total noninterest income
Total noninterest income
Noninterest expenses
Noninterest expenses
Noninterest expenses
Salaries and employee benefits
Salaries and employee benefits
Salaries and employee benefits
Occupancy and equipment expenses
Occupancy and equipment expenses
Occupancy and equipment expenses
Data processing and facilities management
Data processing and facilities management
Data processing and facilities management
Software and subscriptions

FDIC assessment
Consulting expense
Consulting expense
Consulting expense
Software and subscriptions
Software and subscriptions
Software and subscriptions
Debit card expense
Debit card expense
Advertising
Debit card expense
Amortization of intangible assets
Amortization of intangible assets
Amortization of intangible assets
FDIC assessment
FDIC assessment
FDIC assessment
Other noninterest expenses
Other noninterest expenses
Other noninterest expenses
Total noninterest expenses
Total noninterest expenses
Total noninterest expenses
Income before income taxes
Income before income taxes
Income before income taxes
Provision for income taxes
Provision for income taxes
Provision for income taxes
Net income
Net income
Net income
Basic earnings per share
Basic earnings per share
Basic earnings per share
Diluted earnings per share
Diluted earnings per share
Diluted earnings per share
Weighted average common shares (basic)
Weighted average common shares (basic)
Weighted average common shares (basic)
Common share equivalents
Common share equivalents
Common share equivalents
Weighted average common shares (diluted)
Weighted average common shares (diluted)
Weighted average common shares (diluted)
Cash dividends declared per common share
Cash dividends declared per common share
Cash dividends declared per common share

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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INDEPENDENT BANK CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited—Dollars in thousands)

	Three Months Ended		Six Months Ended	
	March 31			
	March 31			
	March 31			
	June 30			
	2024	2023	2024	2023
Net income				
Net income				
Net income				
Other comprehensive (loss) income, net of tax				
Other comprehensive (loss) income, net of tax				
Other comprehensive (loss) income, net of tax				
Other comprehensive income (loss), net of tax				
Net change in fair value of securities available for sale				
Net change in fair value of securities available for sale				
Net change in fair value of securities available for sale				
Net change in fair value of cash flow hedges				
Net change in fair value of cash flow hedges				
Net change in fair value of cash flow hedges				
Net change in other comprehensive income for defined benefit postretirement plans				
Net change in other comprehensive income for defined benefit postretirement plans				
Net change in other comprehensive income for defined benefit postretirement plans				
Total other comprehensive (loss) income				
Total other comprehensive (loss) income				
Total other comprehensive (loss) income				
Total other comprehensive income (loss)				
Total comprehensive income				
Total comprehensive income				
Total comprehensive income				

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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INDEPENDENT BANK CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Three Months Ended March 31, 2024 June 30, 2024 and 2023
(Unaudited—Dollars in thousands, except per share data)

	Common Stock Outstanding	Common Stock	Value of Shares Held in Rabbi Trust at Cost	Deferred Compensation Obligation	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance March 31, 2024	42,452,457	$ 422	$ (3,403)	$ 3,403	$ 1,902,063	$ 1,101,061	$ (119,338)	$ 2,884,208
Net income	—	—	—	—	—	51,330	—	51,330
Other comprehensive income	—	—	—	—	—	—	5,113	5,113
Common dividend declared ($0.57 per share)	—	—	—	—	—	(24,209)	—	(24,209)
Stock based compensation	—	—	—	—	2,139	—	—	2,139

Restricted stock awards issued, net of awards surrendered	4,068	1	—	—	4	—	—	5
Shares issued under direct stock purchase plan	13,342	—	—	—	663	—	—	663
Deferred compensation and other retirement benefit obligations	—	—	50	(50)	—	—	—	—
Balance June 30, 2024	42,469,867	$ 423	$ (3,353)	$ 3,353	$ 1,904,869	$ 1,128,182	$ (114,225)	$ 2,919,249
Balance March 31, 2023	44,114,827	$ 439	$ (3,286)	$ 3,286	$ 1,995,077	$ 971,338	$ (135,945)	$ 2,830,909
Net income	—	—	—	—	—	62,644	—	62,644
Other comprehensive loss	—	—	—	—	—	—	(16,990)	(16,990)
Common dividend declared ($0.55 per share)	—	—	—	—	—	(24,247)	—	(24,247)
Stock based compensation	—	—	—	—	1,921	—	—	1,921
Restricted stock awards issued, net of awards surrendered	5,484	1	—	—	(1)	—	—	—
Shares issued under direct stock purchase plan	10,590	—	—	—	677	—	—	677
Deferred compensation and other retirement benefit obligations	—	—	(3)	3	—	—	—	—
Balance June 30, 2023	44,130,901	$ 440	$ (3,289)	$ 3,289	$ 1,997,674	$ 1,009,735	$ (152,935)	$ 2,854,914

INDEPENDENT BANK CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Six Months Ended June 30, 2024 and 2023
(Unaudited—Dollars in thousands, except per share data)

	Common Stock Outstanding	Common Stock Outstanding	Common Stock	Value of Shares Held in Rabbi Trust at Cost	Deferred Compensation Obligation	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total	Common Stock Outstanding	Common Stock	Value of Shares Held in Rabbi Trust at Cost	Deferred Compensation Obligation	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Tota
Balance December 31, 2023																	
Net income																	
Net income																	
Net income																	
Other comprehensive loss																	
Common dividend declared ($0.57 per share)																	
Other comprehensive income																	
Common dividend declared ($1.14 per share)																	
Stock based compensation																	
Stock based compensation																	

Stock based compensation
Restricted stock awards issued, net of awards surrendered
Shares issued under direct stock purchase plan
Shares repurchased under share repurchase program (1)
Deferred compensation and other retirement benefit obligations
Balance March 31, 2024
Balance June 30, 2024
Balance December 31, 2022
Balance December 31, 2022
Balance December 31, 2022
Net income
Net income
Net income
Other comprehensive income
Common dividend declared ($0.55 per share)
Common dividend declared ($1.10 per share)
Proceeds from exercise of stock options, net of cash paid
Proceeds from exercise of stock options, net of cash paid
Proceeds from exercise of stock options, net of cash paid
Stock based compensation
Restricted stock awards issued, net of awards surrendered

Shares issued under direct stock purchase plan
Shares repurchased under share repurchase program (1)
Deferred compensation and other retirement benefit obligations
Balance March 31, 2023
Balance June 30, 2023

(1) Inclusive of $278,000 $311,000 and $1.2 million impact of excise tax attributable to shares repurchased under the share repurchase program during the three six months ended March 31, 2024 June 30, 2024 and March 31, 2023 June 30, 2023, respectively.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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INDEPENDENT BANK CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited—Dollars in thousands)

	Three Months Ended			Six Months Ended	
	March 31			June 30	
	2024	2024	2023	2024	2023
Cash flow from operating activities					
Net income					
Net income					
Net income					
Adjustments to reconcile net income to net cash provided by operating activities					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization					
Change in unamortized net loan costs and fees					
Accretion of acquired loans					
Provision for credit losses					
Deferred income tax expense					
Net gain on equity securities					
Net loss on bank premises and equipment					
Net loss on bank premises and equipment					
Net loss on bank premises and equipment					
Realized gain on sale leaseback transaction					
Realized gain on sale leaseback transaction					
Realized gain on sale leaseback transaction					
Stock based compensation					
Increase in cash surrender value of life insurance policies					
Increase in cash surrender value of life insurance policies					
Increase in cash surrender value of life insurance policies					

Gain on life insurance benefits
Operating lease payments
Operating lease termination payments
Change in fair value on loans held for sale
Net change in:
Trading assets
Trading assets
Trading assets
Loans held for sale
Loans held for sale
Loans held for sale
Other assets
Other liabilities
Total adjustments
Net cash provided by operating activities
Cash flows provided by (used in) investing activities
Purchases of equity securities
Purchases of equity securities
Purchases of equity securities
Proceeds from maturities and principal repayments of securities available for sale
Proceeds from maturities and principal repayments of securities available for sale
Proceeds from maturities and principal repayments of securities available for sale
Proceeds from maturities and principal repayments of securities held to maturity
Proceeds from maturities and principal repayments of securities held to maturity
Proceeds from maturities and principal repayments of securities held to maturity
Net purchases of Federal Home Loan Bank stock
Net purchases of Federal Home Loan Bank stock
Net purchases of Federal Home Loan Bank stock
Net redemptions (purchases) of Federal Home Loan Bank stock
Net redemptions (purchases) of Federal Home Loan Bank stock
Net redemptions (purchases) of Federal Home Loan Bank stock
Investments in low income housing projects
Purchases of life insurance policies
Net increase in loans
Net increase in loans
Proceeds from life insurance policies
Net increase in loans
Purchases of bank premises and equipment
Purchases of bank premises and equipment
Purchases of bank premises and equipment
Proceeds from the sale of bank premises and equipment
Net cash provided by (used in) investing activities
Net cash provided by (used in) investing activities
Net cash provided by (used in) investing activities
Cash flows (used in) provided by financing activities
Cash flows used in financing activities
Net increase in time deposits
Net increase in time deposits
Net increase in time deposits
Net decrease in other deposits
Net increase (decrease) in other deposits

Net (repayments of) advances from Federal Home Loan Bank borrowings
Net (repayments of) advances from Federal Home Loan Bank borrowings
Net (repayments of) advances from Federal Home Loan Bank borrowings
Repayments of subordinated debentures
Repayments of subordinated debentures
Repayments of subordinated debentures
Net proceeds from exercise of stock options

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Net proceeds from exercise of stock options
Restricted stock awards issued, net of awards surrendered
Proceeds from shares issued under direct stock purchase plan
Payments for shares repurchased under share repurchase program
Common dividends paid
Net cash (used in) provided by financing activities
Net (decrease) increase in cash and cash equivalents
Net cash used in financing activities
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of year
Cash and cash equivalents at end of period
Supplemental schedule of noncash investing and financing activities
Net increase in capital commitments relating to low income housing project investments
Net increase in capital commitments relating to low income housing project investments
Net increase in capital commitments relating to low income housing project investments
Recognition of operating lease at commencement and/or at extension
Recognition of operating lease at commencement and/or at extension
Recognition of operating lease at commencement and/or at extension

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

Independent Bank Corp. (the “Company”) is a state chartered, federally registered bank holding company, incorporated in 1985. The Company is the sole stockholder of Rockland Trust Company (“Rockland Trust” or the “Bank”), a Massachusetts trust company chartered in 1907.

All material intercompany balances and transactions have been eliminated in consolidation. Certain previously reported amounts have been reclassified to conform to the current year’s presentation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP" (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation of the financial statements, primarily consisting of normal recurring adjustments, have been included. Results for the three six months ended March 31, 2024 June 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024 or any other interim period.

For further information, refer to the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission (the "2023 “2023 Form 10-K" 10-K”).

NOTE 2 - SECURITIES

Trading Securities

The Company had trading securities of $4.8 million $4.4 million and $5.0 million as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. These securities are held in a rabbi trust and will be used for future payments associated with the Company’s non-qualified 401(k) Restoration Plan and Non-qualified Deferred Compensation Plan.

Equity Securities

The Company had equity securities of $22.9 million $21.0 million and $22.5 million as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. These securities consist primarily of mutual funds held in a rabbi trust and will be used for future payments associated with the Company's supplemental executive retirement plans.

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The following table represents a summary of the gains and losses recognized within non-interest income and non-interest expense within the consolidated statements of income that relate to equity securities for the periods indicated:

	Three Months Ended			Six Months Ended	
	Three Months Ended				
	Three Months Ended				
	March 31				
	March 31				
	March 31				
	2024				
	2024				
		June 30		June 30	
	2024	2024	2023	2024	2023
	Dollars in thousands			Dollars in thousands	
	Dollars in thousands				
	Dollars in thousands				
Net gains recognized during the period on equity securities					
Net (losses) gains recognized during the period on equity securities					
Less: net gains recognized during the period on equity securities sold during the period					
Less: net gains recognized during the period on equity securities sold during the period					
Less: net gains recognized during the period on equity securities sold during the period					
Unrealized gains recognized during the reporting period on equity securities still held at the reporting date					
Unrealized gains recognized during the reporting period on equity securities still held at the reporting date					
Unrealized gains recognized during the reporting period on equity securities still held at the reporting date					
Unrealized (losses) gains recognized during the reporting period on equity securities still held at the reporting date					

Available for Sale Securities

The following table summarizes the amortized cost, allowance for credit losses, and fair value of available for sale securities and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) at the dates indicated:

	March 31, 2024					December 31, 2023		June 30, 2024					December 31, 2023				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for credit losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for credit losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for credit losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for credit losses	Fair Value
	(Dollars in thousands)							(Dollars in thousands)												
U.S. government agency securities																				
U.S. government agency securities																				
U.S. government agency securities																				
U.S. treasury securities																				
Agency mortgage-backed securities																				

Agency collateralized mortgage obligations
State, county, and municipal securities
State, county, and municipal securities
State, county, and municipal securities
Pooled trust preferred securities issued by banks and insurers
Pooled trust preferred securities issued by banks and insurers
Pooled trust preferred securities issued by banks and insurers
Small business administration pooled securities
Total available for sale securities

Excluded from the table above is accrued interest on available for sale securities of $3.8 million $3.3 million and $3.4 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively, which is included within other assets on the consolidated balance sheets. Additionally, the Company did not record any write-offs of accrued interest income on available for sale securities during the three and six months ended March 31, 2024 June 30, 2024 and 2023. Furthermore, no securities held by the Company were delinquent on contractual payments nor were any securities placed on non-accrual status at March 31, 2024 June 30, 2024 and December 31, 2023.

When securities are sold, the adjusted cost of the specific security sold is used to compute the gain or loss on the sale. The Company had no sales of securities available for sale during the three and six months ended March 31, 2024 June 30, 2024 and 2023, and therefore no gains or losses were realized during the periods presented.

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The following tables show the gross unrealized losses and fair value of the Company's available for sale securities in an unrealized loss position as of the dates indicated. These available for sale securities are aggregated by major security type and length of time that individual securities have been in a continuous unrealized loss position:

	March 31, 2024							June 30, 2024						
		Less than 12 months		12 months or longer		Total			Less than 12 months		12 months or longer		Total	
	# of holdings	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	# of holdings	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fa Val	
	(Dollars in thousands)							(Dollars in thousands)						
U.S. government agency securities														

U.S. treasury securities

Agency mortgage-backed securities

Agency collateralized mortgage obligations

State, county, and municipal securities

Pooled trust preferred securities issued by banks and insurers

Pooled trust preferred securities issued by banks and insurers

Pooled trust preferred securities issued by banks and insurers

Small business administration pooled securities

Total

December 31, 2023

December 31, 2023

December 31, 2023

	Less than 12 months		Less than 12 months		12 months or longer		Total			Less than 12 months	12 months or longer	
# of holdings	# of holdings	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	# of holdings	Fair Value	Unrealized Losses	Fair Value	Unreali

(Dollars in thousands)

U.S. government agency securities

U.S. treasury securities

Agency mortgage-backed securities

Agency collateralized mortgage obligations
State, county, and municipal securities
Pooled trust preferred securities issued by banks and insurers
Pooled trust preferred securities issued by banks and insurers
Pooled trust preferred securities issued by banks and insurers
Small business administration pooled securities
Total

The Company does not intend to sell these investments and has determined, based upon available evidence, that it is more likely than not that the Company will not be required to sell each security before the recovery of its amortized cost basis. In addition, management does not believe that any of the securities are impaired due to reasons of credit quality. As a result, the Company did not recognize a provision for credit losses on these investments during the three and six months ended March 31, 2024 June 30, 2024 and 2023. The Company made this determination by reviewing various qualitative and quantitative factors regarding each investment category, such as current market conditions, extent and nature of changes in fair value, issuer rating changes and trends, volatility of earnings, and current analysts' evaluations.

As a result of the Company's review of these qualitative and quantitative factors, the causes of the impairments listed in the table above by category were as follows at March 31, 2024 June 30, 2024:

- *U.S. Government Agency Securities, U.S. Treasury Securities, Agency Mortgage-Backed Securities, Agency Collateralized Mortgage Obligations and Small Business Administration Pooled Securities:* These portfolios have contractual terms that generally do not permit the issuer to settle the securities at a price less than the current par value of the investment. The decline in market value of these securities is attributable to changes in interest rates and not credit quality. Additionally, these securities are implicitly guaranteed by the U.S. Government or one of its agencies.
- *State, County and Municipal Securities*: This portfolio has contractual terms that generally do not permit the issuer

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to settle the securities at a price less than the current par value of the investment. The decline in market value of these securities is attributable to changes in interest rates and not credit quality.

- *Pooled Trust Preferred Securities:* This portfolio consists of one security which is performing. The unrealized loss on this security is attributable to the illiquid nature of the trust preferred market in the current economic and regulatory environment. Management evaluates collateral credit and instrument structure, including current and expected deferral and default rates and timing. In addition, discount rates are determined by evaluating comparable spreads observed currently in the market for similar instruments.

Held to Maturity Securities

The following table summarizes the amortized cost, fair value and allowance for credit losses of held to maturity securities and the corresponding amounts of gross unrealized gains and losses recognized at the dates indicated:

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for credit losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for credit losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for credit losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for credit losses	Fair Value
	(Dollars in thousands)							(Dollars in thousands)												
U.S. government agency securities																				
U.S. treasury securities																				
Agency mortgage-backed securities																				
Agency collateralized mortgage obligations																				
Single issuer trust preferred securities issued by banks																				
Single issuer trust preferred securities issued by banks																				
Single issuer trust preferred securities issued by banks																				
Small business administration pooled securities																				
Total held to maturity securities																				
Total held to maturity securities																				
Total held to maturity securities																				

Substantially all held to maturity securities held by the Company are guaranteed by the U.S. federal government or other government sponsored agencies and have a long history of no credit losses. As a result, management has determined these securities to have a zero loss expectation and therefore the Company did not record a provision for estimated credit losses on any held to maturity securities during the three and six months ended March 31, 2024 June 30, 2024 and 2023. Excluded from the table above is accrued interest on held to maturity securities of $4.5 million $4.1 million and $4.3 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively, which is included within other assets on the consolidated balance sheets. Additionally, the Company did not record any write-offs of accrued interest income on held to maturity securities during the three and six months ended March 31, 2024 June 30, 2024 and 2023. Furthermore, no securities held by the Company were delinquent on contractual payments nor were any securities placed on non-accrual status at March 31, 2024 June 30, 2024 and December 31, 2023.

When securities are sold, the adjusted cost of the specific security sold is used to compute the gain or loss on the sale. The Company had no sales of held to maturity securities during the three and six months ended March 31, 2024 June 30, 2024 and 2023, and therefore no gains or losses were realized for such periods.

The Company monitors the credit quality of held to maturity securities through the use of credit ratings. Credit ratings are monitored by the Company on at least a quarterly basis. As of March 31, 2024 June 30, 2024, all held to maturity securities held by the Company were rated investment grade or higher.

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The actual maturities of certain available for sale or held to maturity securities may differ from the contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. A schedule of the contractual maturities of securities available for sale and securities held to maturity at March 31, 2024 June 30, 2024 is presented below:

	Due in one year or less		Due in one year or less		Due after one year to five years	Due after five to ten years		Due after ten years		Total	Due in one year or less		Due after one year to five years		Due after five to ten years	Due after ten years		Total			
	Amortized Cost	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
				(Dollars in thousands)																	
Available for sale securities																					
U.S. government agency securities																					
U.S. government agency securities																					
U.S. government agency securities																					
U.S. treasury securities																					
Agency mortgage-backed securities																					
Agency collateralized mortgage obligations																					
State, county, and municipal securities																					
State, county, and municipal securities																					
State, county, and municipal securities																					
Pooled trust preferred securities issued by banks and insurers																					
Pooled trust preferred securities issued by banks and insurers																					
Pooled trust preferred securities issued by banks and insurers																					
Small business administration pooled securities																					
Total available for sale securities																					
Held to maturity securities																					
U.S. government agency securities																					
U.S. government agency securities																					
U.S. government agency securities																					
U.S. treasury securities																					

Agency mortgage-backed securities

Agency collateralized mortgage obligations

Single issuer trust preferred securities issued by banks

Single issuer trust preferred securities issued by banks

Single issuer trust preferred securities issued by banks

Small business administration pooled securities

Total held to maturity securities

Total held to maturity securities

Total held to maturity securities

Total

Included in the table above are $25.5 million of callable securities at March 31, 2024 June 30, 2024.

The carrying value of securities pledged to secure public funds, trust deposits, and for other purposes, as required or permitted by law, was $1.6 billion $2.2 billion and $1.7 billion at March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

At March 31, 2024 June 30, 2024 and December 31, 2023, the Company had no investments in obligations of individual states, counties, or municipalities which exceeded 10% of consolidated stockholders' equity.

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NOTE 3 - LOANS, ALLOWANCE FOR CREDIT LOSSES AND CREDIT QUALITY

Loans Held for Investment and Allowance for Credit Losses

The following table summarizes the change in allowance for credit losses by loan category, and bifurcates the amount of loans allocated to each loan category for the period indicated:

	Three Months Ended March 31, 2024 (Dollars in thousands)		
	Commercial and Industrial	**Commercial Real Estate**	**Commercial Construction**
Allowance for credit losses			
Beginning balance			
Beginning balance			
Beginning balance			
Charge-offs			
Charge-offs			
Charge-offs			
Recoveries			
Provision for (release of) credit losses			

Ending balance (1)			
	Three Months Ended March 31, 2023		
	Three Months Ended March 31, 2023		
	Three Months Ended March 31, 2023		
	Three Months Ended June 30, 2023		
	Three Months Ended June 30, 2023		
	Three Months Ended June 30, 2023		
	(Dollars in thousands)		
	Commercial and Industrial	Commercial Real Estate	Commercial Construction
Allowance for credit losses			
Beginning balance			
Beginning balance			
Beginning balance			
Charge-offs			
Recoveries			
Provision for (release of) credit losses			
Ending balance (1)			
	Six Months Ended June 30, 2024		
	Six Months Ended June 30, 2024		
	Six Months Ended June 30, 2024		

	(Dol			
	Commercial and Industrial	Commercial and Industrial	Commercial Real Estate	Commercial Construction
Allowance for credit losses				
Beginning balance				
Beginning balance				
Beginning balance				
Charge-offs				
Recoveries				
Provision for (release of) credit losses				
Ending balance (1)				
	Six Months Ended June 30, 2023			
	(Dollars in thousands)			

	Commercial and Industrial	Commercial Real Estate	Commercial Construction
Allowance for credit losses			
Beginning balance			
Beginning balance			
Beginning balance			
Charge-offs			
Charge-offs			
Charge-offs			
Recoveries			
Provision for (release of) credit losses			
Ending balance (1)			

(1) Balances of accrued interest receivable excluded from amortized cost and the calculation of allowance for credit losses amounted to $59.3 million $59.2 million and $52.7 million $54.0 million as of March 31, 2024 June 30, 2024 and March 31, 2023 June 30, 2023, respectively.

The balance of allowance for credit losses increased to $146.9 million $150.9 million as of March 31, 2024 June 30, 2024 compared to $142.2 million at December 31, 2023, driven primarily by specific reserve allocations allocation on certain commercial loans as well as net loan growth during the three and six months ended March 31, 2024 June 30, 2024.

For the purpose of estimating the allowance for credit losses, management segregated the loan portfolio into the portfolio segments detailed in the above tables. Each of these loan categories possesses unique risk characteristics that are considered when determining the appropriate level of allowance for each segment. Some of the characteristics unique to each loan category include:

Commercial Portfolio

- *Commercial and Industrial*: Consists of revolving, nonrevolving, and term loan obligations extended to business and corporate enterprises for the purpose of financing working capital and/or capital investment. Collateral generally consists of accounts receivable, inventory, plant and equipment, real estate, or other business assets. The primary source of repayment is operating cash flow and, secondarily, liquidation of assets.
- *Commercial Real Estate*: Consists of mortgage loans to finance investment in real property such as multi-family residential, commercial/retail, office, industrial, hotels, educational and healthcare facilities, as well as other specific use properties and is inclusive of owner-occupied commercial properties. Loans are typically written with amortizing payment structures. Collateral values are determined based upon third party appraisals and evaluations. Permissible loan to value ratios at origination are governed by Company policy and regulatory guidelines. The primary source of repayment is cash flow from operating leases and rents and, secondarily, liquidation of assets.
- *Commercial Construction*: Consists of short-term construction loans, revolving and nonrevolving credit lines and construction/permanent loans to finance the acquisition, development and construction or rehabilitation of real property.

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Project types include residential land development, one-to-four family, condominium, and multi-family home construction, commercial/retail, office, industrial, hotels, educational and healthcare facilities as well as other specific use properties. Loans may be written with non-amortizing or hybrid payment structures depending upon the type of project. Collateral values are determined based upon third party appraisals and evaluations. Permissible loan to value ratios at origination are governed by Company policy and regulatory guidelines. Repayment sources vary depending upon the type of project and may consist of proceeds from the sale or lease of units, operating cash flows or liquidation of other assets.

- *Small Business:* Consists of revolving, term loan and mortgage obligations extended to sole proprietors and small businesses for purposes of financing working capital and/or capital investment. Collateral generally consists of pledges of business assets including, but not limited to, accounts receivable, inventory, plant and equipment, or real estate if applicable. The primary source of repayment is operating cash flows and, secondarily, liquidation of assets.

For the commercial portfolio the Company typically obtains personal guarantees for payment from individuals holding material ownership interests in the borrowing entities.

Consumer Portfolio

- *Residential Real Estate*: Residential mortgage loans held in the Company's portfolio are made to borrowers who demonstrate the ability to make scheduled payments with full consideration to underwriting factors such as current and expected income, employment status, current assets, other financial resources, credit history and the value of the collateral. Collateral consists of mortgage liens on one-to-four family residential properties. Residential mortgage loans also include loans to construct owner-occupied one-to-four family residential properties.
- *Home Equity*: Home equity loans and credit lines are made to qualified individuals and are primarily secured by senior or junior mortgage liens on one-to-four family homes, condominiums or vacation homes. Each home equity loan has a fixed rate and is billed in equal payments comprised of principal and interest. The majority of home equity lines of credit have a variable rate and are billed in interest-only payments during the draw period. At the end of the draw period, the home equity line of credit is billed as a percentage of the then outstanding principal balance plus all accrued interest over a predetermined repayment period, as set forth in the note. Additionally, the Company has the option of renewing each line of credit for additional draw periods. Borrower qualifications include favorable credit history combined with supportive income requirements and combined loan to value ratios within established policy guidelines.
- *Other Consumer:* Other consumer loan products include personal lines of credit and amortizing loans made to qualified individuals for various purposes such as debt consolidation, personal expenses or overdraft protection. Borrower qualifications include favorable credit history combined with supportive income and collateral requirements within established policy guidelines. These loans may be secured or unsecured.

Credit Quality

The Company continually monitors the asset quality of the loan portfolio using all available information. Based on this information, loans demonstrating certain payment issues or other weaknesses may be categorized as adversely risk-rated, delinquent, nonperforming and/or put on nonaccrual status. Additionally, in the course of resolving such loans, the Company may choose to modify the contractual terms of certain loans to match the borrower's ability to repay the loan based on their current financial condition.

The Company reviews numerous credit quality indicators when assessing the risk in its loan portfolio. For the commercial portfolio, the Company utilizes a 10-point credit risk-rating system, which assigns a risk-grade to each loan obligation based on a number of quantitative and qualitative factors associated with a commercial or small business loan transaction. Factors considered include industry and market conditions, position within the industry, earnings trends, operating cash flow, asset/liability values, debt capacity, guarantor strength, management and controls, financial reporting, collateral, and other considerations. The risk-rating categories for the commercial portfolio are defined as follows:

- *Pass:* Risk-rating "1" through "6" comprises loans ranging from 'Substantially Risk Free' which indicates borrowers are of unquestioned credit standing and the pinnacle of credit quality, well established companies with a very strong financial condition, and loans fully secured by cash collateral, through 'Acceptable Risk,' which indicates borrowers may exhibit declining earnings, strained cash flow, increasing or above average leverage and/or weakening market fundamentals that indicate below average asset quality, margins and market share. Collateral coverage is protective.

- *Special Mention:* Borrowers exhibit potential credit weaknesses or downward trends deserving management's close attention. If not checked or corrected, these trends will weaken the Company's asset and position. While potentially weak, currently these borrowers are marginally acceptable; no loss of principal or interest is envisioned.

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- *Substandard:* Borrowers exhibit well defined weaknesses that jeopardize the orderly liquidation of debt. Loans may be inadequately protected by the current net worth and paying capacity of the obligor or by the collateral pledged, if any. Normal repayment from the borrower is in jeopardy, although no loss of principal is envisioned. However, there is a distinct possibility that a partial loss of interest and/or principal will occur if the deficiencies are not corrected. Collateral coverage may be inadequate to cover the principal obligation.

- *Doubtful:* Borrowers exhibit well defined weaknesses that jeopardize the orderly liquidation of debt with the added provision that the weaknesses make collection of the debt in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. Serious problems exist to the point where partial loss of principal is likely.

- *Loss:* Borrowers deemed incapable of repayment. Loans to such borrowers are considered uncollectible and of such little value that continuation as active assets of the Company is not warranted.

The Company utilizes a comprehensive, continuous strategy for evaluating and monitoring commercial credit quality. Initially, credit quality is determined at loan origination and is re-evaluated when subsequent actions, such as renewals, modifications or reviews, occur. Actively managed commercial borrowers are required to provide updated financial information at least annually which is carefully evaluated for any changes in credit quality. Larger loan relationships are subject to a full annual credit review by experienced credit professionals, while continuous portfolio monitoring techniques are employed to evaluate changes in credit quality for smaller loan relationships. Any changes in credit quality are reflected in risk-rating changes. Additionally, the Company retains an independent loan review firm to evaluate the credit quality of the commercial loan portfolio. The independent loan review process achieves significant penetration into the commercial loan portfolio and reports the results of these reviews to the Audit Committee of the Board of Directors on a quarterly basis.

For the Company's consumer portfolio, the quality of the loan is best indicated by the repayment performance of an individual borrower. As a result, for this portfolio the Company utilizes a pass/default risk-rating system, based on an age analysis (i.e., days past due) associated with each consumer loan. Under this structure, consumer loans less than 90 days past due are assigned a "pass" "pass" rating, while any consumer loans 90 days or more past due are assigned a "default" "default" rating.

The following table details the amortized cost balances of the Company's loan portfolios, presented by credit quality indicator and origination year as of the dates indicated below:

	March 31, 2024										June 30, 2024								
	2024	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving converted to Term	Total (1)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving converted to Term	Total (1)
	(Dollars in thousands)										(Dollars in thousands)								
Commercial and industrial																			
Pass																			
Pass																			
Pass																			
Special mention																			
Substandard																			
Doubtful																			
Loss																			
Total commercial and industrial																			
Current-period gross write-offs																			
Commercial real estate																			
Commercial real estate																			
Commercial real estate																			
Pass																			
Pass																			
Pass																			
Special mention																			
Substandard																			
Doubtful																			
Loss																			
Total commercial real estate																			
Current-period gross write-offs																			
Commercial construction																			
Commercial construction																			
Commercial construction																			
Pass																			
Pass																			
Pass																			
Special mention																			
Substandard																			
Doubtful																			
Loss																			
Total commercial construction																			
Current-period gross write-offs																			
Small business																			
Small business																			
Small business																			

Pass
Pass
Pass
Special mention
Substandard
Doubtful
Loss
Total small business
Current-period gross write-offs
Residential real estate
Residential real estate
Residential real estate
Pass
Pass
Pass
Default
Total residential real estate
Total residential real estate
Total residential real estate
Current-period gross write-offs
Home equity
Home equity
Home equity
Pass
Pass
Pass
Default
Total home equity
Total home equity
Total home equity

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Substandard
Doubtful
Loss
Total commercial construction
Current-period gross write-offs
Small business
Small business
Small business
Pass
Pass
Pass
Special mention
Substandard
Doubtful
Loss
Total small business

Current-period gross write-offs
Residential real estate
Residential real estate
Residential real estate
Pass
Pass
Pass
Default
Total residential real estate
Total residential real estate
Total residential real estate
Current-period gross write-offs
Home equity
Home equity
Home equity
Pass
Pass
Pass
Default
Total home equity
Total home equity
Total home equity
Current-period gross write-offs
Other consumer (2)
Other consumer (2)
Other consumer (2)
Pass
Pass
Pass
Default
Total other consumer
Total other consumer
Total other consumer
Current-period gross write-offs
Total
Total
Total
Total current-period gross write-offs

	March 31, 2023								
	2022	**2021**	**2020**	**2019**	**2018**	**Prior**	**Revolving Loans**	**Revolving converted to Term**	**Total (1)**
	June 30, 2023								
	2023	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving Loans**	**Revolving converted to Term**	**Total (1)**
	(Dollars in thousands)								
Commercial and industrial									
Pass									
Pass									
Pass									
Special mention									
Substandard									

Doubtful
Loss
Total commercial and industrial
Current-period gross write-offs
Commercial real estate
Commercial real estate
Commercial real estate
Pass
Pass
Pass
Special mention
Substandard
Doubtful
Loss
Total commercial real estate
Current-period gross write-offs
Commercial construction
Commercial construction
Commercial construction
Pass
Pass
Pass
Special mention
Substandard
Doubtful
Loss
Total commercial construction
Current-period gross write-offs
Small business
Small business
Small business
Pass
Pass
Pass
Special mention
Substandard
Doubtful
Loss
Total small business
Current-period gross write-offs

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Substandard
Doubtful
Loss
Total commercial real estate
Current-period gross write-offs
Commercial construction
Commercial construction

Commercial construction
Pass
Pass
Pass
Special mention
Substandard
Doubtful
Loss
Total commercial construction
Current-period gross write-offs
Small business
Small business
Small business
Pass
Pass
Pass
Special mention
Substandard
Doubtful
Loss
Total small business
Current-period gross write-offs
Residential real estate
Residential real estate
Residential real estate
Pass
Pass
Pass
Default
Total residential real estate
Total residential real estate
Total residential real estate
Current-period gross write-offs
Home equity
Home equity
Home equity
Pass
Pass
Pass
Default
Total home equity
Total home equity
Total home equity
Current-period gross write-offs
Other consumer (2)
Other consumer (2)
Other consumer (2)
Pass
Pass
Pass

Default
Total other consumer
Total other consumer
Total other consumer
Current-period gross write-offs
Total
Total
Total
Total current -period gross write-offs

(1) Loan origination dates in the tables above reflect the original origination date, or the date of a material modification of a previously originated loan.

(2) Other consumer portfolio is inclusive of deposit account overdrafts recorded as loan balances and the associated gross write-offs.

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For the Company's consumer portfolio, the quality of the loan is best indicated by the repayment performance of an individual borrower. However, the Company does supplement performance data with current Fair Isaac Corporation ("FICO") scores and Loan to Value ("LTV") estimates. Current FICO data is purchased and appended to all consumer loans on a regular basis. In addition, automated valuation services and broker opinions of value are used to supplement original value data for the residential real estate and home equity portfolios, periodically. The following table shows the weighted average FICO scores and the weighted average combined LTV ratios at the dates indicated below:

		March 31 2024		December 31 2023					
		June 30 2024		December 31 2023					
Residential real estate portfolio									
FICO score (re-scored)(1)									
FICO score (re-scored)(1)									
FICO score (re-scored)(1)									
LTV (re-valued)(2)	LTV (re-valued)(2)	59.7 %	59.8	%	LTV (re-valued)(2)	58.7	%	59.8	%
Home equity portfolio									
FICO score (re-scored)(1)									
FICO score (re-scored)(1)									
FICO score (re-scored)(1)									
LTV (re-valued)(2)(3)	LTV (re-valued)(2)(3)	43.9 %	43.3	%	LTV (re-valued)(2)(3)	43.5	%	43.3	%

(1) The average FICO scores at March 31, 2024 June 30, 2024 are based upon rescores from March June 2024 as available for previously originated loans, or origination score data for loans booked in March June 2024. The average FICO scores at December 31, 2023 were based upon rescores available from December 2023, as available for previously originated loans, or origination score data for loans booked in December 2023.

(2) The combined LTV ratios for March 31, 2024 June 30, 2024 are based upon updated automated valuations as of February May 2024, when available, and/or the most current valuation data available. The combined LTV ratios for December 31, 2023 were based upon updated automated valuations as of November 2023, when available, and/or the most current valuation data available as of such date. The updated automated valuations provide new information on loans that may be available since the previous valuation was obtained. If no new information is available, the valuation will default to the previously obtained data or most recent appraisal.

(3) For home equity loans and lines in a subordinate lien, the LTV data represents a combined LTV, taking into account the senior lien data for loans and lines.

Unfunded Commitments

Management evaluates the need for a reserve on unfunded lending commitments in a manner consistent with loans held for investment. At March 31, 2024 June 30, 2024 and December 31, 2023, the Company's estimated reserve for unfunded commitments amounted to $1.5 million $1.4 million and $1.3 million $1.5 million, respectively.

Asset Quality

The Company's philosophy toward managing its loan portfolios is predicated upon careful monitoring, which stresses early detection and response to delinquent and default situations. Delinquent loans are managed by a team of collection specialists and the Company seeks to make arrangements to resolve any delinquent or default situation over the shortest possible time frame. As a general rule, loans 90 days or more past due with respect to principal or interest are classified as nonaccrual loans. The Company also may use discretion regarding other loans 90 days or more delinquent if the loan is well secured and/or in process of collection.

The following table shows information regarding nonaccrual loans as of the dates indicated:

	Nonaccrual Balances	
	March 31, 2024	December 31, 2023

	June 30, 2024			December 31, 2023									
	With Allowance for Credit Losses	With Allowance for Credit Losses	Without Allowance for Credit Losses (1)	Total	With Allowance for Credit Losses	Without Allowance for Credit Losses (1)	Total	With Allowance for Credit Losses	Without Allowance for Credit Losses (1)	Total	With Allowance for Credit Losses	Without Allowance for Credit Losses (1)	Total
	(Dollars in thousands)						(Dollars in thousands)						
Commercial and industrial													
Commercial real estate													
Small business													
Small business													
Small business													
Residential real estate													
Home equity													
Other consumer													
Total nonaccrual loans													

(1) Nonaccrual balances reported above without an allowance for credit losses are attributable to loans evaluated on an individual basis where it was determined that there was no risk of loss due to sufficient underlying collateral values.

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It is the Company's policy to reverse any accrued interest when a loan is put on nonaccrual status, and, as such, the Company did not record any interest income on nonaccrual loans during the three and six months ended March 31, 2024 June 30, 2024 and 2023, respectively, except for instances where nonaccrual loans were paid off in excess of the recorded book balance. Total accrued interest reversed against interest income amounted to $385,000 $112,000 and $80,000 $345,000 for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and $497,000 and $425,000 for the six months ended June 30, 2024 and 2023, respectively.

The following table shows information regarding foreclosed residential real estate property at the dates indicated:

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
	(Dollars in thousands)	
Foreclosed residential real estate property held by the creditor		
Recorded investment in mortgage loans collateralized by residential real estate property that are in the process of foreclosure		

The following tables show the age analysis of past due financing receivables as of the dates indicated:

	March 31, 2024						June 30, 2024					
	30-59 days	60-89 days	90 days or more	Total Past Due	Total Financing Receivables (2)	Amortized Cost >90 Days and Accruing	30-59 days	60-89 days	90 days or more	Total Past Due	Total Financing Receivables (2)	Amortized Cost >90 Days and Accruing
	(Dollars in thousands)						(Dollars in thousands)					
Loan Portfolio												
Commercial and industrial												
Commercial and industrial												
Commercial and industrial												
Commercial real estate												
Commercial construction												
Small business												
Residential real estate												

Home equity
Other consumer (1)
Total

	December 31, 2023										
	30-59 days		60-89 days		90 days or more		Total Past Due				
	Number of Loans	Principal Balance	Number of Loans	Principal Balance	Number of Loans	Principal Balance	Number of Loans	Principal Balance	Current	Total Financing Receivables (2)	Amortized Cost >90 Days and Accruing
	(Dollars in thousands)										
Loan Portfolio											
Commercial and industrial	6	$ 398	1	$ 17,538	2	$ 673	9	$ 18,609	$ 1,561,377	$ 1,579,986	$ —
Commercial real estate	8	14,674	2	8,419	3	7,279	13	30,372	8,011,136	8,041,508	—
Commercial construction	—	—	—	—	—	—	—	—	849,586	849,586	—
Small business	6	400	1	20	6	243	13	663	251,293	251,956	—
Residential real estate	24	6,216	7	2,187	13	1,573	44	9,976	2,414,778	2,424,754	—
Home equity	23	1,640	4	1,238	10	529	37	3,407	1,094,219	1,097,626	—
Other consumer (1)	413	288	14	31	6	8	433	327	32,327	32,654	—
Total	480	$ 23,616	29	$ 29,433	40	$ 10,305	549	$ 63,354	$ 14,214,716	$ 14,278,070	$ —

(1) Other consumer portfolio is inclusive of deposit account overdrafts recorded as loan balances.

(2) The amount of net deferred costs on originated loans included in the ending balance was $5.7 million $6.2 million and $6.4 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. Net unamortized discounts on acquired loans included in the ending balance was $8.5 million were $8.4 million and $8.6 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

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Loan Modifications

The following tables present the period end amortized cost basis of loans modified to borrowers experiencing financial difficulty during the three months ended March 31, 2024 and 2023, respectively, periods indicated, disaggregated by class of financing receivable, and type of modification granted:

	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
	Interest Rate Reduction			
	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable
Loan Type	(Dollars in thousands)			
Small business	$ 51	0.02%	$ —	—%
Total	$ 51		$ —	
	Term Extension			
	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable
Loan Category	(Dollars in thousands)			
Commercial and industrial	$ 9,725	0.62%	$ —	—%
Commercial real estate	3,375	0.04%	2,540	0.03%
Commercial construction	10,644	1.28%	—	—%
Small business	—	—%	105	0.05%
Total	$ 23,744		$ 2,645	
	Other-Than-Insignificant Payment Delay			
	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable

Loan Category		(Dollars in thousands)		
Commercial and industrial	$ 1,809	0.11%	$ 2,805	0.17%
Commercial real estate	6,351	0.08%	7,013	0.09%
Total	$ 8,160		$ 9,818	

	Combination - Interest Rate Reduction and Term Extension			
	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable
Loan Category		(Dollars in thousands)		
Commercial and industrial	$ 179	0.01%	$ —	—%
Small business	—	—%	44	0.02%
Home equity	72	0.01%	—	—%
Total	251		44	
Grand Total	$ 32,206		$ 12,507	

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The following table describes granted and the financial effect of modifications made to borrowers experiencing financial difficulty for the periods indicated: modifications:

Three Months Ended March 31, 2024

Term Extension	
Loan Category	**Financial Effect**
Commercial and industrial	Added a weighted-average contractual term of 3 months to the life of the loans
Commercial real estate	Added a weighted-average contractual term of 6 months to the life of the loans
Commercial construction	Added a weighted-average contractual term of 5 months to the life of the loans

Interest Rate Reduction	
Loan Category	**Financial Effect**
Small business	Reduced contractual rate on one loan from 11.00% to 8.20%

Combination - Interest Rate Reduction and Term Extension	
Loan Category	**Financial Effect**
Commercial and industrial	Reduced contractual rate on one loan from 10.10% to 7.20% and added a weighted average contractual term of 1.5 years
Home equity	Reduced contractual rate on one loan from 10.00% to 6.80% and added a weighted-average contractual term of 8.1 years

Three Months Ended March 31, 2023

Term Extension	
Loan Category	**Financial Effect**
Commercial real estate	Added a weighted-average contractual term of 2 months to the life of the loans
Small business	Added a weighted-average contractual term of 4.3 years to the life of the loans

Interest Rate Reduction	
Loan Category	**Financial Effect**
Small business	Reduced weighted-average contractual interest rate from 10.00% to 6.50%

	Three Months Ended June 30, 2024		
	Amortized Cost Basis	% of Total Class of Financing Receivable	Financial Effect
(Dollars in thousands)			
Term Extension			
Commercial and industrial	$ 7,792	0.49 %	Added a weighted-average contractual term of 6 months to the life of the loans

Commercial real estate	33,114	0.41 %	Added a weighted-average contractual term of 1.1 years to the life of the loans
Commercial construction	4,452	0.57 %	Extended contractual term on one loan by 12 months
Residential real estate	298	0.01 %	Extended contractual term on one loan by 6.2 years
Total	$ 45,656		
Interest Rate Reduction			
Home equity	$ 65	0.01%	Reduced contractual rate on one loan from 7.99% to 7.00%
Total	$ 65		
Term Extension and Interest Rate Reduction			
Small business	$ 36	0.01%	Extended the contractual term on one loan by 2.5 years and reduced the loan's contractual interest rate from 10.25% to 6.50%
Total	$ 36		
Total Outstanding Modified	$ 45,757		

	Six Months Ended June 30, 2024		
	Amortized Cost Basis	% of Total Class of Financing Receivable	Financial Effect
(Dollars in thousands)			
Term Extension			
Commercial and industrial	$ 7,795	0.49%	Added a weighted-average contractual term of 6 months to the life of the loans
Commercial real estate	36,489	0.45%	Added a weighted-average contractual term of 1.0 year to the life of the loans
Commercial construction	6,542	0.83%	Added a weighted-average contractual term of 10 months to the life of the loans
Residential real estate	298	0.01%	Extended the contractual term on one loan by 6.2 years
Total	$ 51,124		
Interest Rate Reduction			
Small business	$ 47	0.02%	Reduced contractual rate on one loan from 11.00% to 8.20%
Home equity	65	0.01%	Reduced contractual rate on one loan from 7.99% to 7.00%
Total	$ 112		
Other Than Insignificant Payment Delay			
Commercial and industrial	$ 1,809	0.11%	Modification was made with minimal financial effect
Commercial real estate	6,350	0.08%	Modification was made with minimal financial effect
Total	$ 8,159		
Term Extension and Interest Rate Reduction			
Commercial and industrial	$ 152	0.01%	Extended the contractual term on one loan by 1.5 years and reduced the interest rate from 10.10% to 7.20%
Small business	36	0.01%	Extended the contractual term on one loan by 2.5 years and reduced the interest rate from 10.25% to 6.50%
Home equity	70	0.01%	Extended the contractual term on one loan by 8.1 years and reduced the interest rate from 10.00% to 6.80%
Total	$ 258		
Total Outstanding Modified	$ 59,653		

	Three Months Ended June 30, 2023		
	Amortized Cost Basis	% of Total Class of Financing Receivable	Financial Effect
(Dollars in thousands)			
Term Extension			
Commercial and industrial	$ 8,193	0.48 %	Added a weighted-average contractual term of 1 month to the life of the loans

Commercial real estate	15,921	0.20 %	Added a weighted-average contractual term of 1.9 years to the life of the loans
Commercial construction	2,369	0.23 %	Added a weighted-average contractual term of 2 months to the life of the loans
Total	$ 26,483		
Term Extension and Other Than Insignificant Payment Delay			
Commercial and industrial	$ 1,965	0.11 %	The financial effects of term extensions are included in term extension table above, while the payment delay modifications had minimal financial effect.
Commercial real estate	6,857	0.09 %	The financial effects of term extensions are included in term extension table above, while the payment delay modifications had minimal financial effect.
Total	$ 8,822		
Total Outstanding Modified	$ 35,305		

	Six Months Ended June 30, 2023		
	Amortized Cost Basis	**% of Total Class of Financing Receivable**	**Financial Effect**
(Dollars in thousands)			
Term Extension			
Commercial and industrial	$ 8,193	0.48 %	Added a weighted-average contractual term of 1 month to the life of the loans
Commercial real estate	18,461	0.24 %	Added a weighted-average contractual term of 1.8 years to the life of the loans
Commercial construction	2,369	0.23 %	Added a weighted-average contractual term of 2 months to the life of the loans
Small business	105	0.04 %	Added a weighted-average contractual term of 4.3 years to the life of the loans
Total	$ 29,128		
Other Than Insignificant Payment Delay			
Commercial and industrial	$ 2,805	0.16 %	Modification was made with minimal financial effect
Commercial real estate	7,013	0.09 %	Modification was made with minimal financial effect
Total	$ 9,818		
Term Extension and Interest Rate Reduction			
Small business	$ 44	0.02 %	Reduced the contractual interest rate on one loan from 10.00% to 6.50%; the financial effect of term extensions are included in term extension table shown above
Total	$ 44		
Term Extension and Other Than Insignificant Payment Delay			
Commercial and industrial	$ 1,965	0.11 %	The financial effects of term extensions are included in term extension table above, while the payment delay modifications had minimal financial effect.
Commercial real estate	6,857	0.09 %	The financial effects of term extensions are included in term extension table above, while the payment delay modifications had minimal financial effect.
Total	$ 8,822		
Total Outstanding Modified	$ 47,812		

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. At June 30, 2024, all loans modified to borrowers experiencing financial difficulty during the previous 12 months were current. The following table depicts the amortized cost and payment status of loans that have been were modified in during the last previous 12 months as of March 31, 2024 June 30, 2023:

	Payment Status (Amortized Cost Basis)						
	Payment Status (Amortized Cost Basis)						
	Payment Status (Amortized Cost Basis)						
	Current	Current	30-89 Days Past Due	90+ Days Past Due	Current	30-89 Days Past Due	90+ Days Past Due
		(Dollars in thousands)					

Loan Type
Commercial and industrial
Commercial and industrial
Commercial and industrial
Commercial real estate
Small business
Small business
Commercial construction
Small business
Total
Total
Total

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The Company considers a loan to have defaulted when it reaches 90 days past due. At March 31, 2024 both June 30, 2024 and 2023, there was one $136,000 commercial real estate loan were no loans modified to borrowers experiencing financial difficulty during the previous 12 months that subsequently defaulted during the three or six months then ended which was modified with a term extension to a borrower experiencing financial difficulty in the prior 12 months. ended.

At March 31, 2024 June 30, 2024, the Company had $640,000 $275,000 in additional commitments to lend to one borrower borrowers experiencing financial difficulty pertaining to a construction loan that was whose loans were modified during and included in the above tables for the three and six months then ended with a term extension. ended. The Company had no such additional commitments at June 30, 2023.

Loan modifications to borrowers experiencing financial difficulty are evaluated on a collective basis with loans sharing similar risk characteristics in accordance with the current expected credit loss ("CECL") methodology.

NOTE 4 - BORROWINGS

On March 15, 2024 the Company fully redeemed its outstanding subordinated debentures with an aggregate principal amount of $50.0 million. The subordinated debentures were originally issued on March 14, 2019 in a private placement transaction to institutional accredited investors and were set to mature on March 15, 2029 with an option to redeem without penalty at any scheduled date on or after March 15, 2024 with 30 days' notice, which was provided by the Company prior to redemption.

NOTE 5 - STOCK BASED COMPENSATION

During the three six months ended March 31, 2024 June 30, 2024, the Company had the following activity related to stock based compensation:

Time Vested Restricted Stock Awards

The Company made the following awards of time vested restricted stock:

Date	Date	Shares Granted		Plan		Grant Date Fair Value Per Share		Vesting Period	Date	Shares Granted		Plan		Gra Dat Fair V Per Sh
2/22/2024	2/22/2024	106,200	2023 Omnibus Incentive Plan	2023 Omnibus Incentive Plan		$ 52.73	Ratably over 3 years from grant date		Ratably over 3 years from grant date 2/22/2024		106,200	2023 Omnibus Incentive Plan	2023 Omnibus Incentive Plan	
4/15/2024		1,650		2023 Omnibus Incentive Plan		$ 48.49		Ratably over 3 years from grant date						
5/21/2024		11,340		2018 Non-Employee Director Stock Plan		$ 52.94		Shares vested immediately						

Performance-Based Restricted Stock Awards

On February 22, 2024, the Company granted 41,200 performance-based restricted stock awards, representing the maximum number of shares that may be earned under the awards, to certain executive level employees. These performance-based restricted stock awards were issued from the 2023 Omnibus Incentive Plan and were determined to have a grant date fair value per share of $52.73. The number of shares to be vested is contingent upon the Company's attainment of certain performance criteria to be measured at the end of a three-year performance period ending December 31, 2026. The awards will vest upon the earlier of the date on which it is determined if the performance goal is achieved subsequent to the performance period, or March 15, 2027.

On March 14, 2024, the performance-based restricted stock awards that were awarded on February 18, 2021 vested at 80% of the maximum target shares awarded, or 11,874 shares, net of forfeitures.

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NOTE 6 5 - DERIVATIVE AND HEDGING ACTIVITIES

The Company’s derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company’s known or expected cash receipts and its known or expected cash payments principally to manage the Company’s interest rate risk. Additionally, the Company enters into interest rate derivatives, foreign exchange contracts and risk participation agreements to accommodate the business requirements of its customers (“customer related positions”). The Company minimizes the market and liquidity risks of customer related positions by entering into similar offsetting positions with broker-dealers. Derivative instruments are carried at fair value in the Company's Company’s financial statements. The accounting for changes in the fair value of a derivative instrument is dependent upon whether or not it qualifies as a hedge for accounting purposes, and further, by the type of hedging relationship.

The Company does not enter into proprietary trading positions for any derivatives.

The Company is subject to over-the-counter derivative clearing requirements which require certain derivatives to be cleared through central clearing houses. Accordingly, the Company clears certain derivative transactions through the Chicago Mercantile Exchange Clearing House ("CME" (“CME”). This clearing house requires the Company to post initial and variation margin to mitigate the risk of non-payment, the latter of which is received or paid daily based on the net asset or liability position of the contracts.

Interest Rate Positions

The Company may utilize various interest rate derivatives as hedging instruments against interest rate risk associated with the Company’s borrowings and loan portfolios. An interest rate derivative is an agreement whereby one party agrees to pay a floating rate of interest on a notional principal amount in exchange for receiving a fixed rate of interest on the same notional amount, for a predetermined period of time, from a second party. The amounts relating to the notional principal amount are not actually exchanged.

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The following tables reflect the Company's Company’s derivative positions at the dates indicated below for interest rate swaps which qualify as cash flow hedges for accounting purposes:

	March 31, 2024						**June 30, 2024**				
			Weighted Average Rate								
	Notional Amount										
	Notional Amount										
	Notional Amount	**Average Maturity**		**Current Rate Received**	**Pay Fixed Swap Rate**	**Fair Value**	**Average Maturity**	**Current Rate Received**	**Pay Fixed Swap Rate**	**Fair Value**	
	(in thousands)		**(in thousands)**	**(in years)**				**(in thousands)**	**(in thousands)**	**(in years)**	**(in thousands)**
Interest rate swaps on borrowings											
			Current Rate Paid								
			Current Rate Paid								
			Current Rate Paid								
Interest rate swaps on loans											
Interest rate swaps on loans											
Interest rate swaps on loans											
			Current Rate Paid								
			Current Rate Paid								

Current Rate Paid

Interest rate collars on loans

Interest rate collars on loans

Interest rate collars on loans

Total

Total

Total

December 31, 2023

December 31, 2023

December 31, 2023

Weighted Average Rate

Notional Amount

Notional Amount

Notional Amount	Average Maturity		Current Rate Received	Pay Fixed Swap Rate	Fair Value	Average Maturity	Current Rate Received	Pay Fixed Swap Rate	Fair Value	
(in thousands)		(in thousands)	(in years)				(in thousands)	(in thousands)	(in years)	(in thousands)
Interest rate swaps on borrowings										

Notional Amount

Notional Amount

Notional Amount	Average Maturity	Current Rate Paid	Receive Fixed Swap Rate	Fair Value

Current Rate Paid

Current Rate Paid

Current Rate Paid

Interest rate swaps on loans

Interest rate swaps on loans

Interest rate swaps on loans

Current Rate Paid

Current Rate Paid

Current Rate Paid

Interest rate collars on loans

Interest rate collars on loans

Interest rate collars on loans

Total

Total

Total

The maximum length of time over which the Company is currently hedging its exposure to the variability in future cash flows for forecasted transactions related to the payment of variable interest on existing financial instruments is 5.0 4.7 years.

For derivative instruments that are designated and qualify as cash flow hedging instruments, the effective portion of the gains or losses is reported as a component of other comprehensive income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The Company expects approximately

$4.9 million (pre-tax) to be reclassified as an increase to net interest income and $20.6 million $19.4 million (pre-tax) to be reclassified as an increase a decrease to net interest expense, income, from OCI related to the Company's cash flow hedges in the twelve months following March 31, 2024 June 30, 2024. This reclassification is due to anticipated payments that will be made and/or received on the swaps based upon the forward curve at March 31, 2024 June 30, 2024.

The Company had no fair value hedges as of March 31, 2024 June 30, 2024 or December 31, 2023.

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Customer Related Positions

Loan level derivatives, primarily interest rate swaps, offered to commercial borrowers through the Company's loan level derivative program do not qualify as hedges for accounting purposes. The Company believes that its exposure to commercial customer derivatives is limited because these contracts are simultaneously matched at inception with an offsetting dealer transaction. Derivatives with dealer counterparties are then either cleared through a clearinghouse or settled directly with a single counterparty. The commercial customer derivative program allows the Company to retain variable-rate commercial loans while allowing the customer to synthetically fix the loan rate by entering into a variable-to-fixed interest rate swap. The amounts relating to the notional principal amount are not actually exchanged.

Foreign exchange contracts offered to commercial borrowers through the Company's derivative program do not qualify as hedges for accounting purposes. The Company acts as a seller and buyer of foreign exchange contracts to accommodate its customers. To mitigate the market and liquidity risk associated with these derivatives, the Company enters into similar offsetting positions. The amounts relating to the notional principal amount are exchanged.

The Company has entered into risk participation agreements with other dealer banks in commercial loan agreements. Participating banks guarantee the performance on borrower-related interest rate swap contracts. These derivatives are not designated as hedges and, therefore, changes in fair value are recognized in earnings. Under a risk participation-out agreement, a derivative asset, the Company participates out a portion of the credit risk associated with the interest rate swap position executed with the commercial borrower for a fee paid to the participating bank. Under a risk participation-in agreement, a derivative liability, the Company assumes, or participates in, a portion of the credit risk associated with the interest rate swap position with the commercial borrower for a fee received from the other bank.

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The following tables reflect the Company's customer related derivative positions at the dates indicated below for those derivatives not designated as hedging:

		Notional Amount Maturing								Notional Amount Maturing						
	Number of Positions (1)	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Thereafter	Total	Fair Value	Number of Positions (1)	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Thereafter	Total	Fair Value
	March 31, 2024								June 30, 2024							
	(Dollars in thousands)								(Dollars in thousands)							
Loan level swaps																
Receive fixed, pay variable																
Receive fixed, pay variable																
Receive fixed, pay variable																
Pay fixed, receive variable																
Foreign exchange contracts																
Buys foreign currency, sells U.S. currency																
Buys foreign currency, sells U.S. currency																
Buys foreign currency, sells U.S. currency																

Buys U.S. currency, sells foreign currency

Risk participation agreements

Participation out

Participation out

Participation out

Participation in

	Number of Positions (1)	Notional Amount Maturing								Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Thereafter	Total	Fair Value
	Number of Positions (1)	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Thereafter	Total	Fair Value								
	December 31, 2023															
	(Dollars in thousands)								(Dollars in thousands)							
Loan level swaps																
Receive fixed, pay variable																
Receive fixed, pay variable																
Receive fixed, pay variable																
Pay fixed, receive variable																
Foreign exchange contracts																
Buys foreign currency, sells U.S. currency																
Buys foreign currency, sells U.S. currency																
Buys foreign currency, sells U.S. currency																
Buys U.S. currency, sells foreign currency																
Risk participation agreements																

Notional Amount Maturing

Notional Amount Maturing

Number of Positions (1)

Number of Positions (1)

Participation out

Participation out

Participation out

Participation in

(1) The Company may enter into one dealer swap agreement which offsets multiple commercial borrower swap agreements.

Mortgage Derivatives

The Company enters into commitments to fund residential mortgage loans at specified rates and times in the future, with the intention that loans may be sold subsequently in the secondary market. Mortgage loan commitments are referred to as derivative loan commitments if the loan that will result from exercise of the commitment will be held for sale upon funding. These commitments are recognized at fair value on the consolidated balance sheet in other assets and other liabilities with changes in their fair values recorded within mortgage banking income. In addition, the Company has elected the fair value option to carry loans held for sale at fair value. The change in fair value of loans held for sale is recorded in current period earnings as a component of mortgage banking income in accordance with the Company's Company's fair value election. The fair value of loans held for sale increased by $70,000 $113,000 and decreased by $17,000 $14,000 for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. For the respective six months ended June 30, 2024 and 2023, the fair value of loans held for sale increased by $183,000 and decreased by $3,000. These amounts were offset in earnings by the change in the fair value of mortgage derivatives.

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Outstanding loan commitments expose the Company to the risk that the price of the loans arising from exercise of the loan commitment might change from inception of the rate lock to funding of the loan due to changes in mortgage interest rates. If interest rates increase, the value of these loan commitments decreases. Conversely, if interest rates decrease, the value of these loan commitments increases. To protect against the price risk inherent in derivative loan commitments, the Company utilizes both "mandatory delivery" “mandatory delivery” and "best efforts" “best efforts” forward loan sale commitments to mitigate the risk of potential decreases in the values of loans that would result from the exercise of the derivative loan commitments. Mandatory delivery contracts are accounted for as derivative instruments. Included in the mandatory delivery forward commitments are To Be Announced securities ("TBAs" (“TBAs”). Certain assumptions, including pull through rates and rate lock periods, are used in managing the existing and future hedges. The accuracy of underlying assumptions will impact the ultimate effectiveness of any hedging strategies.

With mandatory delivery contracts, the Company commits to deliver a certain principal amount of mortgage loans to an investor at a specified price on or before a specified date. If the Company fails to deliver the amount of mortgages necessary to fulfill the commitment by the specified date, it is obligated to pay a "pair-off" “pair-off” fee, based on then-current market prices, to the investor/counterparty to compensate the investor for the shortfall. Generally, the Company makes this type of commitment once mortgage loans have been funded and are held for sale, in order to minimize the risk of failure to deliver the requisite volume of loans to the investor and paying pair-off fees as a result. The Company also sells TBA securities to offset potential changes in the fair value of derivative loan commitments. Generally, the Company sells TBA securities by entering into derivative loan commitments for settlement in 30 to 90 days. The Company expects that mandatory delivery contracts, including TBA securities, will experience changes in fair value opposite to the changes in the fair value of derivative loan commitments.

With best effort contracts, the Company commits to deliver an individual mortgage loan of a specified principal amount and quality to an investor if the loan to the underlying borrower closes. Generally, best efforts cash contracts have no pair off risk regardless of market movement. The price the investor will pay the seller for an individual loan is specified prior to the loan being funded (e.g., on the same day the lender commits to lend funds to a potential borrower). The Company expects that these best efforts forward loan sale commitments will experience a net neutral shift in fair value with related derivative loan commitments.

The aggregate amount of net realized gains on sales of mortgage loans included within mortgage banking income was $593,000 $947,000 and $174,000 $170,000 for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and $1.5 million and $344,000 for the six months ended June 30, 2024 and 2023, respectively.

Balance Sheet Offsetting

The Company does not offset fair value amounts recognized for derivative instruments. The Company does net the amount recognized for the right to reclaim cash collateral against the obligation to return cash collateral arising from derivative instruments executed with the same counterparty under a master netting arrangement. Collateral legally required to be maintained at dealer banks by the Company is monitored and adjusted as necessary.

A daily settlement occurs through the CME for changes in the fair value of centrally cleared derivatives. Not all of the derivatives are required to be cleared through the daily clearing agent. As a result, the total fair values of loan level derivative assets and liabilities recognized on the Company's Company's financial statements are not equal and offsetting.

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The table below presents the fair value of the Company’s derivative financial instruments as well as their classification on the balance sheet and the potential effect of netting arrangements on its financial position, at the dates indicated:

	Fair Value at Fair Value at Fair Value at																														
Derivatives designated as hedges Derivatives designated as hedges Derivatives designated as hedges																															
Interest rate derivatives Interest rate derivatives Interest rate derivatives	$	6,695	(3)	(3)	$1,927	$		$	38,687	(4)	(4)	$	32,090	(4)	(4)	$	6,920	(3)	(3)	$	1,927	(3)	(3)	$	36,110	(4					
Derivatives not designated as hedges																															
Customer Related Positions Customer Related Positions Customer Related Positions																															
Loan level derivatives Loan level derivatives Loan level derivatives	111,146	(3)	(3)	99,416	(3)	(3)	111,252	(4)	(4)	99,551	(4)	(4)	110,610	(3)	(3)	99,416	(3)	(3)	110,703	(4)	(4)	99,551	(4)	(							
Foreign exchange contracts																															
Risk participation agreements Risk participation agreements Risk participation agreements																															
Mortgage Derivatives Mortgage Derivatives																															

Mortgage Derivatives
Interest rate lock commitments
Interest rate lock commitments
Interest rate lock commitments
Forward sale loan commitments
Forward sale loan commitments
Forward sale loan commitments
Forward sale hedge commitments
Forward sale hedge commitments
Forward sale hedge commitments
Total derivatives not designated as hedges
Total derivatives not designated as hedges
Total derivatives not designated as hedges
Total
Total
Total
Netting Adjustments (5)
Netting Adjustments (5)
Netting Adjustments (5)

Net Derivatives on the Balance Sheet
Net Derivatives on the Balance Sheet
Net Derivatives on the Balance Sheet
Financial instruments (6)
Financial instruments (6)
Financial instruments (6)
Cash collateral pledged (received)
Cash collateral pledged (received)
Cash collateral pledged (received)
Net Derivative Amounts
Net Derivative Amounts
Net Derivative Amounts

(1) All asset derivatives are reflected in other assets on the balance sheet.

(2) All liability derivatives are reflected in other liabilities on the balance sheet.

(3) Approximately $426,000 $372,000 and $3.2 million $2.8 million of accrued interest receivable is included in the fair value of interest rate and loan level derivative assets, respectively, at March 31, 2024 June 30, 2024, in comparison to accrued interest receivable of approximately $316,000 and $3.0 million, respectively, at December 31, 2023.

(4) Approximately $1.8 million $1.3 million and $3.2 million $2.8 million of accrued interest payable is included in the fair value of interest rate and loan level derivative liabilities, respectively, at March 31, 2024 June 30, 2024, in comparison to accrued interest payable of approximately $1.9 million and $3.0 million, respectively, at December 31, 2023.

(5) Netting adjustments represent the amounts recorded to convert derivative assets and liabilities cleared through CME from a gross basis to a net basis, inclusive of the variation margin payments, in accordance with applicable accounting guidance.

(6) Reflects offsetting derivative positions with the same counterparty that are not netted on the balance sheet.

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The table below presents the effect of the Company’s derivative financial instruments included in OCI and current earnings for the periods indicated:

	Three Months Ended Three Months Ended Three Months Ended March 31 March 31 March 31	Three Months Ended June 30		Six Months Ended
	2024	2023	2024	2023
	(Dollars in thousands)	(Dollars in thousands)		
Derivatives designated as hedges				
(Loss) gain in OCI on derivatives (effective portion), net of tax				
(Loss) gain in OCI on derivatives (effective portion), net of tax				
(Loss) gain in OCI on derivatives (effective portion), net of tax				
Loss reclassified from OCI into interest income or interest expense (effective portion)				
Loss reclassified from OCI into interest income or interest expense (effective portion)				
Gain (loss) in OCI on derivatives (effective portion), net of tax				
Gain (loss) in OCI on derivatives (effective portion), net of tax				
Gain (loss) in OCI on derivatives (effective portion), net of tax				
Loss reclassified from OCI into interest income or interest expense (effective portion)				
Derivatives not designated as hedges				
Derivatives not designated as hedges				
Derivatives not designated as hedges				
Changes in fair value of customer related positions				
Changes in fair value of customer related positions				
Changes in fair value of customer related positions				
Other income				
Other income				
Other income				
Other expense				
Other expense				
Other expense				
Changes in fair value of mortgage derivatives				
Changes in fair value of mortgage derivatives				
Changes in fair value of mortgage derivatives				
Mortgage banking income				
Mortgage banking income				
Mortgage banking income				
Total				
Total				
Total				

The Company's Company’s derivative agreements with institutional counterparties contain various credit-risk related contingent provisions, such as requiring the Company to maintain a well-capitalized capital position. If the Company fails to meet these conditions, the counterparties could request the Company make immediate payment or demand that the Company provide immediate and ongoing full collateralization on derivative positions in net liability positions. All derivative instruments with credit-risk contingent features were in a net asset position at March 31, 2024 June 30, 2024 and December 31, 2023.

By using derivatives, the Company is exposed to credit risk to the extent that counterparties to the derivative contracts do not perform as required. Should a counterparty fail to perform under the terms of a derivative contract, the Company's Company’s credit exposure on interest rate swaps is limited to the net positive fair value and accrued interest of all swaps with each counterparty. The Company seeks to minimize counterparty credit risk through credit approvals, limits, monitoring procedures, and obtaining collateral, where appropriate. Institutional counterparties must have an investment grade credit rating and be approved by the Company's Company’s Board of Directors. In addition, certain derivative contracts executed bilaterally with a dealer counterparty in the over-the-counter market are cleared through a clearinghouse, whereby the clearinghouse becomes the counterparty to the transaction. As such, management believes the risk of incurring credit losses on derivative contracts with those counterparties is remote. The Company's Company’s exposure relating to institutional counterparties was $117.5 million $116.9 million and $95.8 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. The Company’s exposure relating to customer counterparties was approximately $313,000 $679,000 and $5.6 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. Credit exposure may be reduced by the value of collateral pledged by the counterparty.

NOTE 7 6 - FAIR VALUE MEASUREMENTS

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the assumptions applied by the Company when determining fair value reflect those that the Company determines market participants would use to price the asset or liability at the measurement date. If there has been a significant decrease in the volume and level of activity for the asset or liability, regardless of the valuation technique(s) used, the objective of a fair value measurement remains the same. Fair value is the price that would be received if the asset were to be sold or that would be paid if the liability were to be transferred in an orderly market transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. When determining fair value, the Company considers pricing information and other inputs that are current as of the measurement date. In periods of market dislocation, the observability of prices and other inputs may be reduced for certain instruments, or not available at all. The unavailability or reduced availability of pricing or other input information could cause an instrument to be reclassified from one level to another.

The Fair Value Measurements and Disclosures Topic of the FASB ASC Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3

measurements). The three levels of the fair value hierarchy under the Fair Value Measurements and Disclosures Topic of the FASB ASC are described below:

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Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation Techniques

There were no changes in the valuation techniques used during the three six months ended March 31, 2024 June 30, 2024.

Securities

Trading and Equity Securities

These equity securities are valued based on market quoted prices. These securities are categorized in Level 1 as they are actively traded and no valuation adjustments have been applied.

U.S. Government Agency and U.S. Treasury Securities

Fair value is estimated using either multi-dimensional spread tables or benchmarks. The inputs used include benchmark yields, reported trades, and broker/dealer quotes. These securities are classified as Level 2.

Agency Mortgage-Backed Securities

Fair value is estimated using either a matrix or benchmarks. The inputs used include benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. These securities are categorized as Level 2.

Agency Collateralized Mortgage Obligations and Small Business Administration Pooled Securities

The valuation model for these securities is volatility-driven and ratings based, and uses multi-dimensional spread tables. The inputs used include benchmark yields, reported trades, new issue data, broker dealer quotes, and collateral performance. If there is at least one significant model assumption or input that is not observable, these securities are categorized as Level 3 within the fair value hierarchy; otherwise, they are classified as Level 2.

State, County, and Municipal Securities

The fair value is estimated using a valuation matrix with inputs including bond interest rate tables, recent transactions, and yield relationships. These securities are categorized as Level 2.

Single and Pooled Issuer Trust Preferred Securities

The fair value of trust preferred securities, including pooled and single issuer preferred securities, is estimated using external pricing models, discounted cash flow methodologies or similar techniques. The inputs used in these valuations include benchmark yields, reported trades, new issue data, broker dealer quotes, and collateral performance. If there is at least one significant model assumption or input that is not observable, these securities are classified as Level 3 within the fair value hierarchy; otherwise, they are classified as Level 2.

Loans Held for Sale

The Company has elected the fair value option to account for originated closed loans intended for sale. The fair value is measured on an individual loan basis using quoted market prices and when not available, comparable market value or discounted cash flow analysis may be utilized. These assets are typically classified as Level 2.

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Derivative Instruments

Derivatives

The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The Company incorporates credit valuation adjustments to appropriately reflect nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings. Additionally, in conjunction with fair value measurement guidance, the Company has made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio. Although the Company has determined that the majority of the inputs used to value its interest rate derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its interest rate derivatives and risk participation agreements may also utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparties. However, as of March 31, 2024 June 30, 2024 and December 31, 2023, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuations in their entirety are properly classified as Level 2.

Mortgage Derivatives

The fair value of mortgage derivatives is determined based on current market prices for similar assets in the secondary market and, therefore, classified as Level 2 within the fair value hierarchy.

Individually Assessed Collateral Dependent Loans

In accordance with the CECL standard, expected credit losses on individually assessed loans deemed to be collateral dependent are valued based upon the lower of amortized cost or fair value of the underlying collateral less costs to sell. The inputs used in the appraisals of the collateral are not always observable, and in such cases the loans may be classified as Level 3 within the fair value hierarchy; otherwise, they are classified as Level 2.

Other Real Estate Owned and Other Foreclosed Assets

Other Real Estate Owned ("OREO" (“OREO”) and Other Foreclosed Assets, when applicable, are valued at the lower of cost or fair value of the property, less estimated costs to sell. The fair values are generally estimated based upon recent appraisal values of the property less costs to sell the property. Certain inputs used in appraisals are not always observable, and therefore OREO and Other Foreclosed Assets may be classified as Level 3 within the fair value hierarchy.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets are subject to impairment testing. The Company conducts an annual impairment test of goodwill in the third quarter of each year, or more frequently if necessary. Other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. To estimate the fair value of goodwill and, if necessary, other intangible assets, the Company utilizes both a comparable analysis of relevant price multiples in recent market transactions and a discounted cash flow analysis. Both valuation models require a significant degree of management judgment. In the event the fair value as determined by the valuation model is less than the carrying value, the intangibles may be impaired. If the impairment testing resulted in impairment, the Company would classify the impaired goodwill and other intangible assets subjected to nonrecurring fair value adjustments as Level 3.

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Assets and liabilities measured at fair value on a recurring and nonrecurring basis were as follows at the dates indicated:

			Fair Value Measurements at Reporting Date Using				Fair Value Measurements at Reporting Date Using		
	Balance	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		March 31, 2024			June 30, 2024				
		(Dollars in thousands)			(Dollars in thousands)				
Recurring fair value measurements									
Assets									
Assets									
Assets									

Trading securities
Trading securities
Trading securities
Equity securities
Securities available for sale
U.S. government agency securities
U.S. government agency securities
U.S. government agency securities
U.S. treasury securities
Agency mortgage-backed securities
Agency collateralized mortgage obligations
State, county, and municipal securities
State, county, and municipal securities
State, county, and municipal securities
Pooled trust preferred securities issued by banks and insurers
Pooled trust preferred securities issued by banks and insurers
Pooled trust preferred securities issued by banks and insurers
Small business administration pooled securities
Loans held for sale
Derivative instruments
Liabilities
Derivative instruments
Derivative instruments
Derivative instruments
Total recurring fair value measurements
Nonrecurring fair value measurements
Nonrecurring fair value measurements
Nonrecurring fair value measurements
Assets
Assets
Assets
Individually assessed collateral dependent loans (1)
Individually assessed collateral dependent loans (1)
Individually assessed collateral dependent loans (1)
Total nonrecurring fair value measurements
Total nonrecurring fair value measurements
Total nonrecurring fair value measurements

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Fair Value Measurements at Reporting Date Using

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	December 31, 2023			
	(Dollars in thousands)			
Recurring fair value measurements				
Assets				
Trading securities	$ 4,987	$ 4,987	$ —	$ —
Equity securities	22,510	22,510	—	—
Securities available for sale				
U.S. government agency securities	207,138	—	207,138	—
U.S. treasury securities	769,102	—	769,102	—
Agency mortgage-backed securities	277,047	—	277,047	—
Agency collateralized mortgage obligations	33,189	—	33,189	—
State, county, and municipal securities	190	—	190	—
Pooled trust preferred securities issued by banks and insurers	1,018	—	1,018	—
Small business administration pooled securities	46,572	—	46,572	—
Loans held for sale	6,368	—	6,368	—
Derivative instruments	103,948	—	103,948	—
Liabilities				
Derivative instruments	133,868	—	133,868	—
Total recurring fair value measurements, net	$ 1,338,201	$ 27,497	$ 1,310,704	$ —
Nonrecurring fair value measurements				
Assets				
Individually assessed collateral dependent loans (1)	$ 28,881	$ —	$ —	$ 28,881
Total nonrecurring fair value measurements	$ 28,881	$ —	$ —	$ 28,881

(1) The carrying value of individually assessed collateral dependent loans is based on the lower of amortized cost or fair value of the underlying collateral less costs to sell. The fair value of the underlying collateral is generally determined through independent appraisals, which generally include various Level 3 inputs which are not identifiable. Appraisals may be adjusted by management for qualitative factors such as economic factors and estimated liquidation expenses. The range of these possible adjustments may vary.

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The estimated fair values and related carrying amounts for assets and liabilities for which fair value is only disclosed are shown below at the dates indicated:

	Carrying Value	Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value	Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	March 31, 2024					June 30, 2024				
	(Dollars in thousands)					(Dollars in thousands)				
Financial assets										
Securities held to maturity (a)										
Securities held to maturity (a)										
Securities held to maturity (a)										

Securities held to maturity (a)
Securities held to maturity (a)
Securities held to maturity (a)
Securities held to maturity (a)
Securities held to maturity (a)
Securities held to maturity (a)
U.S. government agency securities
U.S. government agency securities
U.S. government agency securities
U.S. treasury securities
Agency mortgage-backed securities
Agency collateralized mortgage obligations
Single issuer trust preferred securities issued by banks
Single issuer trust preferred securities issued by banks
Single issuer trust preferred securities issued by banks
Small business administration pooled securities
Loans, net of allowance for credit losses (b)
Loans, net of allowance for credit losses (b)
Loans, net of allowance for credit losses (b)
Federal Home Loan Bank stock (c)
Cash surrender value of life insurance policies (d)
Financial liabilities
Deposit liabilities, other than time deposits (e)
Deposit liabilities, other than time deposits (e)
Deposit liabilities, other than time deposits (e)
Time certificates of deposits (f)

Federal Home Loan Bank borrowings (f)

Junior subordinated debentures (g)

Junior subordinated debentures (g)

Junior subordinated debentures (g)

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			Fair Value Measurements at Reporting Date Using		
	Carrying Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	December 31, 2023				
	(Dollars in thousands)				
Financial assets					
Securities held to maturity (a)					
U.S. government agency securities	$ 29,521	$ 28,408	$ —	$ 28,408	$ —
U.S. treasury securities	100,712	91,535	—	91,535	—
Agency mortgage-backed securities	829,431	763,728	—	763,728	—
Agency collateralized mortgage obligations	477,517	407,911	—	407,911	—
Single issuer trust preferred securities issued by banks	1,500	1,373	—	1,373	—
Small business administration pooled securities	130,426	124,653	—	124,653	—
Loans, net of allowance for credit losses (b)	14,106,967	13,079,368	—	—	13,079,368
Federal Home Loan Bank stock (c)	43,557	43,557	—	43,557	—
Cash surrender value of life insurance policies (d)	297,387	297,387	—	297,387	—
Financial liabilities					
Deposit liabilities, other than time deposits (e)	$ 12,684,068	$ 12,684,068	$ —	$ 12,684,068	$ —
Time certificates of deposits (f)	2,181,479	2,166,573	—	2,166,573	—
Federal Home Loan Bank borrowings (f)	1,105,541	1,103,845	—	1,103,845	—
Junior subordinated debentures (g)	62,858	58,911	—	58,911	—
Subordinated debentures (f)	49,980	49,613	—	—	49,613

(a) The fair values presented are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments and/or discounted cash flow analysis.

(b) Fair value of loans is measured using the exit price valuation method, determined primarily by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities or cash flows, while incorporating liquidity and credit assumptions. Additionally, this amount excludes individually assessed collateral dependent loans, which are deemed to be marked to fair value on a nonrecurring basis.

(c) Federal Home Loan Bank stock has no quoted market value and is carried at cost; therefore, the carrying amount approximates fair value.

(d) Cash surrender value of life insurance policies is recorded at its cash surrender value (or the amount that can be realized upon surrender of the policy), therefore, carrying amount approximates fair value.

(e) Fair value of demand deposits, savings and interest checking accounts and money market deposits is the amount payable on demand at the reporting date.

(f) Fair value was determined by discounting anticipated future cash payments using rates currently available for instruments with similar remaining maturities.

(g) Fair value was determined based upon market prices of securities with similar terms and maturities.

This summary excludes certain financial assets and liabilities for which the carrying value approximates fair value. For financial assets, these may include cash and due from banks, federal funds sold and short-term investments. For financial liabilities, these may include federal funds purchased. These instruments would all be considered to be classified as Level 1 within the fair value hierarchy. Also excluded from the summary are financial instruments measured at fair value on a recurring and nonrecurring basis, as previously described.

The Company considers its current use of financial instruments to be the highest and best use of the instruments.

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NOTE 8 7 - REVENUE RECOGNITION

A portion of the Company's Company's noninterest income is derived from contracts with customers, and as such, the revenue recognized depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company accounts for such revenues in accordance with *ASC 606 - Revenue from Contracts with Customers* and considers the terms of the contract and all relevant facts and circumstances when applying this guidance. To ensure its alignment with this core principle, the Company measures revenue and the timing of recognition by applying the following five steps:

1. Identify the contract(s) with customers
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The Company has disaggregated its revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. The following table presents the revenue streams that the Company has disaggregated as of the periods indicated:

	Three Months Ended		Three Months Ended	Six Months Ended
	Three Months Ended			
	Three Months Ended			
	March 31 2024			
	March 31 2024			
	March 31 2024			
	(Dollars in thousands)			
	(Dollars in thousands)			
	June 30 2024	June 30 2023	June 30 2024	June 30 2023
	(Dollars in thousands)		(Dollars in thousands)	
Deposit account fees (inclusive of cash management fees)				
Interchange fees				
Interchange fees				
Interchange fees				
ATM fees				
ATM fees				
ATM fees				
Investment management - wealth management and advisory services				
Investment management - wealth management and advisory services				
Investment management - wealth management and advisory services				
Investment management - retail investments and insurance revenue				
Investment management - retail investments and insurance revenue				
Investment management - retail investments and insurance revenue				
Payment processing income				
Payment processing income				
Payment processing income				
Credit card income				
Credit card income				
Credit card income				
Other noninterest income				
Other noninterest income				
Other noninterest income				

Total noninterest income in-scope of ASC 606
Total noninterest income in-scope of ASC 606
Total noninterest income in-scope of ASC 606
Total noninterest income out-of-scope of ASC 606
Total noninterest income out-of-scope of ASC 606
Total noninterest income out-of-scope of ASC 606
Total noninterest income
Total noninterest income
Total noninterest income

In each of the revenue streams identified above, there were no significant judgments made in determining or allocating the transaction price, as the consideration and service requirements are generally explicitly identified in the associated contracts. Additional information related to each of the revenue streams is further noted below.

Deposit Account Fees

The Company offers various deposit account products to its customers governed by specific deposit agreements applicable to either personal customers or business customers. These agreements identify the general conditions and obligations of both parties, and include standard information regarding deposit account related fees.

Deposit account services include providing access to deposit accounts as well as access to the various deposit transactional services of the Company. These transactional services are primarily those that are identified in the standard fee schedule, and include, but are not limited to, services such as overdraft protection, wire transfer, and check collection. Revenue is recognized in conjunction with the various services being provided. For example, the Company may assess monthly fixed service fees associated with the customer having access to a deposit account, which can vary depending on the account type and daily account balance. In addition, the Company may also assess separate fixed fees associated with and at the time specific transactions are entered into by the customer. As such, the Company considers its performance obligations to be met concurrently with providing the account access or completing the requested deposit transaction.

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Cash Management

Cash management services are a subset of the Deposit account fees revenue stream. These services primarily include ACH transaction processing, positive pay and remote deposit services. These services are also governed by separate agreements entered into with the customer. The fee arrangement for these services is structured to assess fees under one of two scenarios, either a per transaction fee arrangement or an earnings credit analysis arrangement. Under the per transaction fee arrangement, fixed fees are assessed concurrently with customers executing the transactions, and as such, the Company considers its performance obligations to be met concurrently with completing the requested transaction. Under the earnings credit analysis arrangement, the Company provides a monthly earnings credit to the customer that is negotiated and determined based on various factors. The credit is then available to absorb the per transaction fees that are assessed on the customer's deposit account activity for the month. Any amount of the transactional fees in excess of the earnings credit is recognized as revenue in that month.

Interchange Fees

The Company earns interchange revenue from its issuance of credit and debit cards granted through its membership in various card payment networks. The Company provides credit cards and debit cards to its customers which are authorized and settled through these payment networks, and in exchange, the Company earns revenue as determined by each payment network's interchange program. The revenue is recognized concurrently with the settlement of card transactions within each network.

ATM Fees

The Company deploys automated teller machines (ATMs) as part of its overall branch network. Certain transactions performed at the ATMs require customers to acknowledge and pay a fee for the requested service. Certain ATM fees are disclosed in the deposit account agreement fee schedules, whereas those assessed to non-Rockland Trust deposit holders are solely determined during the transaction at the machine.

The ATM fee is a fixed dollar per transaction amount, and as such, is recognized concurrently with the overall daily processing and settlement of the ATM activity.

Investment Management - Wealth Management and Advisory Services

The Company offers investment management and trust services to individuals, institutions, small businesses and charitable institutions. Each investment management product is governed by its own contract along with a separate identifiable fee schedule unique to that product. The Company also offers additional services, such as estate settlement, financial planning, tax services and other special services quoted at the client's request.

Asset management and/or custody fees are based upon a percentage of the monthly valuation of the principal assets in the customer's account, whereas fees for additional or special services are fixed in nature and are charged as services are rendered. As the fees are dependent on assets under management, which are susceptible to market factors outside of the Company's Company's control, this variable consideration is constrained and therefore no revenue is estimated at contract initiation. As such, all revenue is recognized in correlation to the monthly management fee determinations or as transactional services are provided. Due to the fact that payments are primarily made subsequent to the valuation period, the Company records a receivable for revenue earned but not received. The following table provides the amount of investment management revenue earned but not received as of the dates indicated:

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
		(Dollars in thousands)
Receivables, included in other assets		

Investment Management - Retail Investments and Insurance Revenue

The Company offers the sale of mutual fund shares, unit investment trust shares, third party model portfolios, general securities, fixed and variable annuities and life insurance products through registered representatives who are both employed by the Company and licensed and contracted with various Broker General Agents to offer these products to the Company's customer base. As such, the Company performs these services as an agent and earns a fixed commission on the sales of these

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products and services. To a lesser degree, production bonus commissions can also be earned based upon the Company meeting certain volume thresholds.

In general, the Company recognizes commission revenue at the point of sale, and for certain insurance products, may also earn and recognize annual residual commissions commensurate with annual premiums being paid.

Payment Processing Income

The Company refers customers to third party payment processing partners in exchange for commission and fee income. The income earned is comprised of multiple components, including a fixed referral fee per each referred customer, a rebate amount determined primarily as a percentage of net revenue earned by the third party from services provided to each referred customer, and overall production bonus commissions if certain new account production thresholds are met. Payment processing income is recognized in conjunction with either completing the referral to earn the fixed fee amount or as the merchant activity is processed to derive the Company's Company's rebate and/or production bonus amounts.

Credit Card Income

The Company provides consumer and business credit card solutions to its customers by soliciting new accounts on behalf of a third party credit card provider in exchange for a fee. The income earned is comprised of new account incentive payments as well as a percentage of interchange income earned by the third party provider offering the consumer and business purpose revolving credit accounts. The credit card income is recognized in conjunction with the establishment of each new credit card member or as the interchange is earned by the third party in connection with net purchase transactions made by the credit card member.

Other Noninterest Income

The Company earns various types of other noninterest income that fall within the scope of the new revenue recognition rules, and have been aggregated into one general revenue stream in the table noted above. This amount includes, but is not limited to, the following types of revenue with customers:

Safe Deposit Rent

The Company rents out the use of safe deposit boxes to its customers, which can be accessed when the bank is open for business. The safe deposit box rental fee is paid upfront and is recognized as revenue ratably over the annual term of the contract.

Foreign Currency

The Company earns fee income associated with various transactions related to foreign currency product offerings, including foreign currency bank notes and drafts and foreign currency wires. The majority of this income is derived from commissions earned related to customers executing the above mentioned foreign currency transactions through arrangements with third party correspondents.

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NOTE 9 8 - OTHER COMPREHENSIVE INCOME (LOSS)

The following tables present a reconciliation of the changes in the components of other comprehensive income (loss) for the periods indicated, including the amount of income tax (expense) benefit allocated to each component of other comprehensive income (loss):

	Three Months Ended March 31, 2024
	Three Months Ended March 31, 2024
	Three Months Ended March 31, 2024

	Three Months Ended June 30, 2024				Six Months Ended June 30, 2024		
	Pre-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	After Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	After Tax Amount
	Pre-Tax Amount						
	Pre-Tax Amount						
	(Dollars in thousands)				(Dollars in thousands)		
Change in fair value of securities available for sale							
Less: net security losses reclassified into other noninterest expense							
Less: net security losses reclassified into other noninterest expense							
Less: net security losses reclassified into other noninterest expense							
Net change in fair value of securities available for sale							
Net change in fair value of securities available for sale							
Net change in fair value of securities available for sale							
Change in fair value of cash flow hedges							
Change in fair value of cash flow hedges							
Change in fair value of cash flow hedges							
Less: net cash flow hedge losses reclassified into interest income or interest expense							
Less: net cash flow hedge losses reclassified into interest income or interest expense							
Less: net cash flow hedge losses reclassified into interest income or interest expense							
Net change in fair value of cash flow hedges							
Net change in fair value of cash flow hedges							
Net change in fair value of cash flow hedges							
Amortization of net actuarial gains							
Amortization of net actuarial gains							
Amortization of net actuarial gains							
Amortization of net prior service costs							
Amortization of net prior service costs							
Amortization of net prior service costs							
Net change in other comprehensive income for defined benefit postretirement plans (1)							
Net change in other comprehensive income for defined benefit postretirement plans (1)							
Net change in other comprehensive income for defined benefit postretirement plans (1)							
Total other comprehensive loss							
Total other comprehensive loss							
Total other comprehensive loss							
Total other comprehensive income							

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
	Pre-Tax Amount	Tax (Expense) Benefit	After Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	After Tax Amount
	(Dollars in thousands)			(Dollars in thousands)		
Change in fair value of securities available for sale						
Less: net security losses reclassified into other noninterest expense						
Less: net security losses reclassified into other noninterest expense						
Less: net security losses reclassified into other noninterest expense						
Net change in fair value of securities available for sale						
Net change in fair value of securities available for sale						
Net change in fair value of securities available for sale						
Change in fair value of cash flow hedges						

Change in fair value of cash flow hedges
Change in fair value of cash flow hedges
Less: net cash flow hedge losses reclassified into interest income or interest expense
Less: net cash flow hedge losses reclassified into interest income or interest expense
Less: net cash flow hedge losses reclassified into interest income or interest expense
Net change in fair value of cash flow hedges
Net change in fair value of cash flow hedges
Net change in fair value of cash flow hedges
Amortization of net actuarial gains
Amortization of net actuarial gains
Amortization of net actuarial gains
Amortization of net prior service costs
Amortization of net prior service costs
Amortization of net prior service costs
Net change in other comprehensive income for defined benefit postretirement plans (1)
Net change in other comprehensive income for defined benefit postretirement plans (1)
Net change in other comprehensive income for defined benefit postretirement plans (1)
Total other comprehensive income
Total other comprehensive income
Total other comprehensive income
Total other comprehensive (loss) income

(1) The amortization of prior service costs is included in the computation of net periodic pension cost as disclosed in *Note 12 - Employee Benefit Plans* within the Notes to the Consolidated Financial Statements included in Item 8 of the Company's Company's 2023 Form 10-K.

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Information on the Company's accumulated other comprehensive income (loss), net of tax, is comprised of the following components as of the dates indicated:

	Unrealized Gain (Loss) on Securities Unrealized Gain (Loss) on Securities Unrealized Gain (Loss) on Securities	Unrealized Gain (Loss) on Cash Flow Hedge	Defined Benefit Postretirement Plans	Accumulated Other Comprehensive Income (Loss)	Unrealized Gain (Loss) on Cash Flow Hedge	Defined Benefit Postretirement Plans	Accumulated Other Comprehensive Income (Loss)
		(Dollars in thousands)				2024	
Beginning balance: January 1, 2024							
Net change in other comprehensive income (loss)							
Ending balance: March 31, 2024							
Ending balance: June 30, 2024							
	2023		2023				
Beginning balance: January 1, 2023							
Net change in other comprehensive income (loss)							
Net change in other comprehensive income (loss)							

Net change in other comprehensive income (loss)
Ending balance: March 31, 2023
Ending balance: June 30, 2023

NOTE 10 9 - COMMITMENTS AND CONTINGENCIES

Financial Instruments with Off-Balance Sheet Risk

In the normal course of business, the Company enters into various transactions to meet the financing needs of its customers, which, in accordance with GAAP, are not included in its consolidated balance sheets. These transactions include commitments to extend credit and standby letters of credit, and loan exposures with recourse, which involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amounts recognized in the consolidated balance sheets. The Company minimizes its exposure to loss under these commitments by subjecting them to credit approval and monitoring procedures.

The Company enters into contractual commitments to extend credit, normally with fixed expiration dates or termination clauses, at specified rates and for specific purposes. Substantially all of these commitments to extend credit are contingent upon customers maintaining specific credit standards at the time of loan funding.

The Company has certain loan exposures for which there is recourse. These loan relationships could require the Company to repurchase or cover certain losses per agreements for certain loans that are either sold or referred to third parties.

Standby letters of credit are written conditional commitments issued to guarantee the performance of a customer to a third party. In the event the customer does not perform in accordance with the terms of the agreement with the third party, the Company would be required to fund the commitment. The maximum potential amount of future payments the Company could be required to make is represented by the contractual amount of the commitment. If the commitment were funded, the Company would be entitled to seek recovery from the customer. The Company's policies generally require that standby letter of credit arrangements contain security and debt covenants similar to those contained in loan agreements.

The fees collected in connection with the issuance of standby letters of credit are representative of the fair value of the Company's obligation undertaken in issuing the guarantee. In accordance with applicable accounting standards related to guarantees, fees collected in connection with the issuance of standby letters of credit are deferred. The fees are then recognized in income proportionately over the life of the standby letter of credit agreement. The deferred standby letter of credit fees represent the fair value of the Company's potential obligations under the standby letter of credit guarantees.

The following table summarizes the above financial instruments at the dates indicated:

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
	(Dollars in thousands)	(Dollars in thousands)
Commitments to extend credit		
Loan exposures sold with recourse		
Standby letters of credit		
Deferred standby letter of credit fees		

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Lease Commitments

The Company leases space for offices, parking, and ATM locations, as well as certain branch locations under noncancellable operating leases. Several of these leases contain renewal options to extend lease terms for a period of 1 to 20 years.

There has been no significant change in the future minimum lease payments payable by the Company since December 31, 2023. See the Company's 2023 Form 10-K for information regarding leases and other commitments.

Other Contingencies

At March 31, 2024 June 30, 2024, the Bank was involved in pending lawsuits that arose in the ordinary course of business. Management has reviewed these pending lawsuits with legal counsel and has taken into consideration the view of counsel as to their outcome. In the opinion of management, the final disposition of pending lawsuits is not expected to have a material adverse effect on the Company's financial position or results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements, notes and tables included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission (the "2023 "2023 Form 10-K" 10-K").

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this "Report" "Report"), in Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are not historical facts and include expressions about management's confidence and strategies and management's expectations about new and existing programs and products, acquisitions, relationships, opportunities, taxation, technology, market conditions and economic expectations. These statements may be identified by forward-looking terminology such as "should," "could," "will," "may," "expect," "believe," "forecast," "view," "opportunity," "allow," "continues," "reflects," "typically," "usually," "anticipate," "estimate," "intend," or similar statements or variations of such terms. Such forward-looking statements involve certain risks and uncertainties and our actual results may differ materially from such forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements, in addition to those risk factors listed under the "Risk Factors" section of the 2023 Form 10-K, include but are not limited to:

- *adverse economic conditions in the regional and local economies within the New England region and the Company's market area;*
- *events impacting the financial services industry, including high profile bank failures, and any resulting decreased confidence in banks among depositors, investors, and other counterparties, as well as competition for deposits, significant disruption, volatility and depressed valuations of equity and other securities of banks in the capital markets;*
- *the effects to the Company of an increasingly competitive labor market, including the possibility that the Company will have to devote significant resources to attract and retain qualified personnel;*
- *the instability or volatility in financial markets and unfavorable domestic or global general economic, political or business conditions, whether caused by geopolitical concerns, including the Russia/Ukraine conflict, the conflict in Israel and surrounding areas and the possible expansion of such conflicts, political and policy uncertainties with the approach of the U.S. presidential election, changes in U.S. and international trade policies, or other factors, and the potential impact of such factors on the Company and its customers, including the potential for decreases in deposits and loan demand, unanticipated loan delinquencies, loss of collateral and decreased service revenues;*
- *unanticipated loan delinquencies, loss of collateral, decreased service revenues, and other potential negative effects on the Company's local economies or the Company's business caused by adverse weather conditions and natural disasters, changes in climate, public health crises or other external events and any actions taken by governmental authorities in response to any such events;*
- *adverse changes or volatility in the local real estate market;*
- *changes in interest rates and any resulting impact on interest earning assets and/or interest bearing liabilities, the level of voluntary prepayments on loans and the receipt of payments on mortgage-backed securities, decreased loan demand or increased difficulty in the ability of borrowers to repay variable rate loans;*
- *acquisitions may not produce results at levels or within time frames originally anticipated and may result in unforeseen integration issues or impairment of goodwill and/or other intangibles;*

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- *the effect of laws, regulations, new requirements or expectations, or additional regulatory oversight in the highly regulated financial services industry, including as a result of intensified regulatory scrutiny in the aftermath of recent regional bank failures and the resulting need to invest in technology to meet heightened regulatory expectations, increased costs of compliance or required adjustments to strategy;*
- *changes in trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System;*
- *higher than expected tax expense, including as a result of failure to comply with general tax laws and changes in tax laws;*
- *increased competition in the Company's market areas, including competition that could impact deposit gathering, retention of deposits and the cost of deposits, increased competition due to the demand for innovative products and service offerings, and competition from non-depository institutions which may be subject to fewer regulatory constraints and lower cost structures;*
- *a deterioration in the conditions of the securities markets;*
- *a deterioration of the credit rating for U.S. long-term sovereign debt or uncertainties surrounding the federal budget;*
- *inability to adapt to changes in information technology, including changes to industry accepted delivery models driven by a migration to the internet as a means of service delivery, including any inability to effectively implement new technology-driven products, such as artificial intelligence;*
- *electronic or other fraudulent activity within the financial services industry, especially in the commercial banking sector;*
- *adverse changes in consumer spending and savings habits;*
- *the effect of laws and regulations regarding the financial services industry, including the need to invest in technology to meet heightened regulatory expectations or introduction of new requirements or expectations resulting in increased costs of compliance or required adjustments to strategy;*
- *changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) generally applicable to the Company's business and the associated costs of such changes;*
- *the Company's Company's potential judgments, claims, damages, penalties, fines and reputational damage resulting from pending or future litigation and regulatory and government actions;*
- *changes in accounting policies, practices and standards, as may be adopted by the regulatory agencies as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board, and other accounting standard setters;*
- *operational risks related to the Company and its customers' reliance on information technology; cyber threats, attacks, intrusions, and fraud fraud; and outages or other issues impacting the Company or its third party service providers which could lead to interruptions or disruptions of the Company's Company's operating systems, including systems that are customer facing, and adversely impact the Company's Company's business;*
- *any unexpected material adverse changes in the Company's Company's operations or earnings; earnings: and*
- *the other risks described in the section entitled "Risk Factors" in Part I. Item 1A of the* 2023 Form *10-K.*

Except as required by law, the Company disclaims any intent or obligation to update publicly any such forward-looking statements, whether in response to new information, future events or otherwise. Any public statements or disclosures by the Company following this Report which modify or impact any of the forward-looking statements contained in this Report will be deemed to modify or supersede such statements in this Report.

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Selected Quarterly Financial Data

The selected consolidated financial and other data of the Company set forth below 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 elsewhere in this Report.

	Three Months Ended				
	March 31 2024				
	March 31 2024				
	March 31 2024	December 31 2023	September 30 2023	June 30 2023	March 31 2023
	June 30 2024				
	June 30 2024				
	June 30 2024	March 31 2024	December 31 2023	September 30 2023	June 30 2023
	(Dollars in thousands, except per share data)		(Dollars in thousands, except per share data)		
Financial condition data					
Securities					
Securities					
Securities					
Loans					
Allowance for credit losses					
Goodwill and other intangible assets					
Total assets					
Total deposits					
Total borrowings					
Stockholders' equity					
Nonperforming loans					
Nonperforming assets					
Income statement					
Interest income					
Interest income					
Interest income					
Interest expense					
Net interest income					
Provision for credit losses					
Noninterest income					

Noninterest expenses												
Net income												
Per share data												
Net income—basic												
Net income—basic												
Net income—basic												
Net income—diluted												
Cash dividends declared												
Book value per share												
Tangible book value per share (1)												
Performance ratios												
Return on average assets												
Return on average assets												
Return on average assets		1.00 %	1.13 %	1.25 %	1.29 %	1.30 %		1.07 %	1.00 %	1.13 %	1.25 %	1.29 %
Return on average common equity	Return on average common equity	6.63 %	7.51 %	8.35 %	8.78 %	8.63 %	Return on average common equity	7.10 %	6.63 %	7.51 %	8.35 %	8.78 %
Net interest margin (on a fully tax equivalent basis)	Net interest margin (on a fully tax equivalent basis)	3.23 %	3.38 %	3.47 %	3.54 %	3.79 %	Net interest margin (on a fully tax equivalent basis)	3.25 %	3.23 %	3.38 %	3.47 %	3.54 %
Dividend payout ratio	Dividend payout ratio	49.36 %	44.30 %	39.92 %	38.87 %	40.99 %	Dividend payout ratio	47.14 %	49.36 %	44.30 %	39.92 %	38.87 %
Asset Quality Ratios												
Nonperforming loans as a percent of gross loans												
Nonperforming loans as a percent of gross loans												
Nonperforming loans as a percent of gross loans		0.40 %	0.38 %	0.28 %	0.32 %	0.40 %		0.40 %	0.40 %	0.38 %	0.28 %	0.32 %
Nonperforming assets as a percent of total assets	Nonperforming assets as a percent of total assets	0.30 %	0.28 %	0.20 %	0.24 %	0.29 %	Nonperforming assets as a percent of total assets	0.30 %	0.30 %	0.28 %	0.20 %	0.24 %
Allowance for credit losses as a percent of total loans	Allowance for credit losses as a percent of total loans	1.03 %	1.00 %	0.99 %	0.99 %	1.14 %	Allowance for credit losses as a percent of total loans	1.05 %	1.03 %	1.00 %	0.99 %	0.99 %
Allowance for credit losses as a percent of nonperforming loans	Allowance for credit losses as a percent of nonperforming loans	258.07 %	261.52 %	358.86 %	307.75 %	282.98 %	Allowance for credit losses as a percent of nonperforming loans	262.59 %	258.07 %	261.52 %	358.86 %	307.75 %

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Capital ratios

Equity to assets Equity to assets Equity to assets		14.92 %	14.96 %	14.90 %	14.72 %	14.56 %		15.04 %	14.92 %	14.96 %	14.90 %	14.72 %
Tangible equity to tangible assets (1)	Tangible equity to tangible assets (1)	10.27 %	10.31 %	10.24 %	10.05 %	9.89 %	Tangible equity to tangible assets (1)	10.42 %	10.27 %	10.31 %	10.24 %	10.05 %
Tier 1 leverage capital ratio	Tier 1 leverage capital ratio	10.95 %	10.96 %	11.12 %	10.85 %	10.78 %	Tier 1 leverage capital ratio	11.09 %	10.95 %	10.96 %	11.12 %	10.85 %
Common equity tier 1 capital ratio	Common equity tier 1 capital ratio	14.16 %	14.19 %	14.41 %	14.06 %	13.83 %	Common equity tier 1 capital ratio	14.40 %	14.16 %	14.19 %	14.41 %	14.06 %
Tier 1 risk-based capital ratio	Tier 1 risk-based capital ratio	14.16 %	14.19 %	14.41 %	14.06 %	13.83 %	Tier 1 risk-based capital ratio	14.40 %	14.16 %	14.19 %	14.41 %	14.06 %
Total risk-based capital ratio	Total risk-based capital ratio	15.57 %	15.91 %	16.12 %	15.76 %	15.66 %	Total risk-based capital ratio	15.84 %	15.57 %	15.91 %	16.12 %	15.76 %

(1) Represents a non-GAAP measure. For reconciliation to GAAP book value per share, see Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations - Executive Level Overview - Non-GAAP Measures" below.

Executive Level Overview

Management evaluates the Company's operating results and financial condition using measures that include net income, earnings per share, return on assets and equity, return on tangible common equity, net interest margin, tangible book value per share, asset quality indicators, and many others. These metrics are used by management to make key decisions regarding the Company's balance sheet, liquidity, interest rate sensitivity, and capital resources and assist with identifying opportunities for improving the Company's financial position or operating results. The Company focuses on organic growth, but will also consider growth through acquisition. Any potential acquisition opportunities are evaluated for the potential to provide a satisfactory financial return as well as other criteria (ease of integration, synergies, geographical location).

First Second Quarter 2024 Results

Net income for the three months ended March 31, 2024 June 30, 2024 was $47.8 million $51.3 million, or $1.12 $1.21 on a diluted earnings per share basis, as compared to $61.2 million $62.6 million, or $1.36 $1.42 on a diluted earnings per share basis, for the three months ended March 31, 2023.

The June 30, 2023, representing decreases of 18.1% and 14.8%, respectively, due primarily to reductions in net interest income. However, the second quarter of 2024 first quarter results included reflected solid overall business activity amidst a continued challenging environment, including the following key drivers:

- Disciplined loan growth and solid pipelines;
- Seasonal deposit growth with steady core household formation; of 0.5%;
- Net interest margin at 3.23%, within expectations; of 3.25%;
- Stable nonperforming asset levels; levels, minimal charge-offs;
- Solid core Strong fee income;
- Focused expense management; and
- Tangible book value per share growth of $0.21; and
- $31.0 million of stock repurchases, marking completion of $0.85 for the Company's $100 million buyback program. quarter

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Interest-Earning Assets

The results depicted in the following table reflect the trend of the Company's interest-earning assets over the past five quarters. While the Company employs a longer term strategy that typically emphasizes loan growth commensurate with overall economic growth, changes over the five quarter period reflect relatively consistent balances of total interest-earning assets, with growth in the residential real estate portfolio offset by decreased securities balances. The following table summarizes the Company's average interest-earning assets for each period presented:

2188

Management strives to be disciplined about loan pricing and considers interest rate sensitivity when generating loan assets. In addition, management takes a disciplined approach to credit underwriting, seeking to avoid undue credit risk and credit losses.

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Funding and Net Interest Margin

The Company's overall sources of funding reflect strong business and retail deposit growth with management's emphasis on core deposit growth to fund loans. In conjunction with deposit growth during the first quarter half of 2024, total borrowings decreased by $193.0 million $525.0 million at March 31, 2024 June 30, 2024 as compared to December 31, 2023, primarily driven by a reduction in Federal Home Loan Bank borrowings. Additionally, borrowings, along with the Company fully redeemed its outstanding full redemption of $50.0 million in subordinated debentures with an aggregate principal amount during the first quarter of $50.0 million. 2024. The following chart shows sources of funding for the trailing five quarters:

3047

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The Company's ratio of core deposits to total deposits decreased over the last five quarters, primarily attributable to core deposit outflows in conjunction with existing deposit balances shifting into higher cost time deposits. The following chart shows the percentage of core deposits for the trialing trailing five quarters:

3374

(1) The percentage of core deposits to total deposits presented above is inclusive of reciprocal deposits collected through the Company's participation in the IntraFi Network.

The following table shows the net interest margin and cost of deposits trends for the trailing five quarters:

3662

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Noninterest Income

Noninterest income is primarily comprised of deposit account fees, interchange and ATM fees, investment management fees and mortgage banking income. The following chart shows trends in the components of noninterest income over the past five quarters:

3944

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Expense Control

Management seeks to take a balanced approach to noninterest expense control by monitoring ongoing operating expenses while making needed capital expenditures and prudently investing in growth initiatives. The Company's primary expenses arise from Rockland Trust's employee salaries and benefits, as well as expenses associated with buildings and equipment.

The following chart depicts the Company's efficiency ratio (calculated by dividing noninterest expense by the sum of noninterest income and net interest income) over the past five quarters:

4544

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Capital

The Company's approach with respect to revenue and expense is designed to promote long-term earnings growth, which in turn contributes to capital growth. Capital is primarily impacted by earnings retention, dividends, changes in other comprehensive income, and opportunistic share repurchases. The following chart shows the Company's book value and tangible book value per share over the past five quarters:

4969

*See "Non-GAAP Measures" below for a reconciliation to GAAP financial measures.

The Company declared a quarterly cash dividend of $0.57 per share for the first second quarter of 2024, representing an increase of 3.6% from the 2023 fourth second quarter dividend rate of $0.55. During the first quarter of 2024, the Company repurchased 532,266 shares of its common stock for $31.0 million at an average price per share of $58.22, marking the completion of its previously announced $100 million buyback program.

Non-GAAP Measures

When management assesses the Company's financial performance for purposes of making day-to-day and strategic decisions, it does so based upon the performance of its core banking business, which is primarily derived from the combination of net interest income and noninterest or fee income, reduced by operating expenses, the provision for credit losses, and the impact of income taxes and other noncore items shown in the table that follows. There are items that impact the Company's results that management believes are unrelated to its core banking business such as gains or losses on the sales of securities, merger and acquisition expenses, provision for credit losses on acquired portfolios, loss on extinguishment of debt, impairment and other items. Management, therefore, excludes items management considers to be noncore when computing the Company's non-GAAP operating earnings and operating EPS, noninterest income on an operating basis and efficiency ratio on an operating basis. Management believes excluding these items facilitates greater visibility into the Company's core banking business and underlying trends that may, to some extent, be obscured by inclusion of such items.

Management also supplements its evaluation of financial performance with an analysis of tangible book value per share (which is computed by dividing stockholders' equity less goodwill and identifiable intangible assets, or tangible common equity, by common shares outstanding) and with the Company's tangible common equity ratio (which is computed by dividing tangible common equity by tangible assets) which are non-GAAP measures. The Company has included information on these tangible ratios because management believes that investors may find it useful to have access to the same analytical tools used by management to assess performance and identify trends. The Company has recognized goodwill and other intangible assets in conjunction with merger and acquisition activities. Excluding the impact of goodwill and other intangibles in measuring asset and capital values for the ratios provided, along with other bank standard capital ratios, facilitates comparison of the capital adequacy of the Company to other companies in the financial services industry.

These non-GAAP measures should not be viewed as a substitute for financial results determined in accordance with GAAP. An item which management deems to be noncore and excludes when computing these non-GAAP measures can be of substantial importance to the Company's results for any particular period. The Company's non-GAAP performance measures

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are not necessarily comparable to similarly named non-GAAP performance measures which may be presented by other companies.

The following table summarizes the calculation of tangible common equity to tangible assets ratio and tangible book value per share and shows the reconciliation of non-GAAP measures:

March 31 2024	(Dollars in thousands, except per share data)										
	(Dollars in thousands, except per share data)										
	(Dollars in thousands, except per share data)										
June 30 2024											
Tangible common equity											
Tangible common equity											
Tangible common equity											
Stockholders' equity (GAAP)											
Stockholders' equity (GAAP)											
Stockholders' equity (GAAP)	$ 2,884,208	$	$ 2,895,251	$	$ 2,885,408	$	$ 2,854,914	$	$ 2,830,909	(a)	(a)
Less: Goodwill and other intangibles											
Tangible common equity (Non-GAAP)											
Tangible common equity (Non-GAAP)											

Tangible common equity (Non-GAAP)	1,882,510	1,891,989	1,891,989	1,880,511	1,880,511	1,848,305	1,848,305	1,822,584		1,822,584
Tangible assets										
Assets (GAAP)										
Assets (GAAP)										
Assets (GAAP)	19,324,613	19,347,373	19,347,373	19,368,109	19,368,109	19,400,931	19,400,931	19,442,402		19,442,402
Less: Goodwill and other intangibles										
Tangible assets (Non-GAAP)										
Tangible assets (Non-GAAP)										
Tangible assets (Non-GAAP)	$ 18,322,915	$	$ 18,344,111	$	$ 18,363,212	$	$ 18,394,322	$	$ 18,434,077 (d)	(d)
Common shares										
Common shares										
Common shares Common shares	42,452,457	42,873,187	42,873,187	44,141,973	44,141,973	44,130,901	44,130,901	44,114,827		44,114,827
Common equity to assets ratio (GAAP)										
Common equity to assets ratio (GAAP)										
Common equity to assets ratio (GAAP)	14.92 %		14.96 %		14.90 %		14.72 %		14.56 % (a/c)	
Tangible common equity to tangible assets ratio (Non-GAAP) Tangible common equity to tangible assets ratio (Non-GAAP)	10.27 %		10.31 %		10.24 %		10.05 %		9.89 % (b/d)	
Book value per share (GAAP) Book value per share (GAAP)	$ 67.94	$	$ 67.53	$	$ 65.37	$	$ 64.69	$	$ 64.17 (a/e)	(a/e)
Tangible book value per share (Non-GAAP) Tangible book value per share (Non-GAAP)	$ 44.34	$	$ 44.13	$	$ 42.60	$	$ 41.88	$	$ 41.31 (b/e)	(b/e)

Critical Accounting Estimates

Critical accounting policies are defined as those that are reflective of significant management judgments and uncertainties, and could potentially result in materially different results under different assumptions and conditions. Certain estimates associated with these policies inherently have a greater reliance on the use of assumptions and judgments and, as such, have a greater possibility of producing results that could be materially different than originally reported. These critical accounting estimates are defined as estimates made in accordance with GAAP that involve a significant level of estimation uncertainty and have had, or are reasonably likely to have, a material impact on financial condition or results of operations.

There have been no material changes in critical accounting estimates during the first three six months of 2024. Refer to "Critical "Critical Accounting Estimates" Estimates" in Item 7. "Management's "Management's Discussion and Analysis of Financial Condition and Results of Operations" Operations" in the Company's 2023 Form 10-K for a complete listing of critical accounting policies.

FINANCIAL POSITION

Securities Portfolio The Company's securities portfolio primarily consists of U.S. Treasury, U.S. government agency securities, agency mortgage-backed securities, agency collateralized mortgage obligations, and small business administration pooled securities. Also included in the Company's securities portfolio are trading and equity securities related to certain employee benefit programs. The majority of these securities are investment grade debt obligations with average lives of five years or less. U.S. government agency securities entail a lesser degree of risk than loans made by the Bank by virtue of the guarantees that back them, require less capital under risk-based capital rules than noninsured or nonguaranteed mortgage loans, are more liquid than individual mortgage loans, and may be used to collateralize borrowings or other obligations of the Bank. The Bank views its securities portfolio as a source of income and liquidity. Interest and principal payments generated from securities provide a source of liquidity to fund loans and meet short-term cash needs.

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Total securities decreased by $85.1 million $165.1 million, or 2.9% 5.6%, at March 31, 2024 June 30, 2024 as compared to December 31, 2023, driven primarily by paydowns, calls maturities, and unrealized losses of $4.0 million in the available for sale portfolio. maturities. As a result, the Company's ratio of securities to total assets decreased to 14.7% 14.2% at March 31, 2024 June 30, 2024 compared to 15.1% at December 31, 2023. The Company estimates expected credit losses for its available for sale and held to maturity securities in accordance with the current expected credit loss ("CECL") methodology. Further details regarding the Company's measurement of expected credit losses on securities can be found in *Note 2 "Securities"* within the Notes to Consolidated Financial Statements included in Part I. Item 1 of this Report.

Residential Mortgage Loan Sales The Bank's residential mortgage loans are generally originated in compliance with terms, conditions and documentation which permit the sale of such loans to investors in the secondary market. Loan sales in the secondary market provide funds for additional lending and other banking activities. Depending on market conditions, the Bank may sell the servicing of the sold loans for a servicing released premium, simultaneous with the sale of the loan. For the remainder of the sold loans for which the Company retains the servicing, a mortgage servicing asset is recognized. Additionally, as part of its asset/liability management strategy, the Bank may opt to retain certain residential real estate loan originations for its portfolio. When a loan is sold, the Company enters into agreements that contain representations and warranties about the characteristics of the loans sold and their origination. The Company may be required to either repurchase mortgage loans or to indemnify the purchaser from losses if representations and warranties are found to be not accurate in all material respects. The Company incurred no material losses related to residential mortgage repurchases during the three and six months ended March 31, 2024 June 30, 2024 and 2023, respectively.

The Company experienced a lower volume of residential real estate loan sales for the three and six months ended March 31, 2024 June 30, 2024 as compared to the three and six months ended March 31, 2023 June 30, 2023, driven primarily by reduced customer demand in the current interest rate environment. The following table shows the total residential real estate loans closed and the breakdown of amounts held in portfolio or sold (or held for sale) in the secondary market during the periods indicated:

Table 1 - Closed Residential Real Estate Loans

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
	(Dollars in thousands)		(Dollars in thousands)	
Held in portfolio				
Sold or held for sale in the secondary market				
Sold or held for sale in the secondary market				
Sold or held for sale in the secondary market				
Total closed loans				
Total closed loans				
Total closed loans				

Total residential real estate loan closings decreased during During the quarter three and six months ended March 31, June 30, 2024, compared to March 31, 2023, and a larger portion of new originations were sold in the secondary market versus retained in the Company's portfolio as compared to the same prior year period, periods, reflecting the Company's 2024 strategy to shift the majority of its residential production to the saleable market.

The table below reflects additional information related to the loans sold during the periods indicated and the sale or retention of the related servicing rights:

Table 2 - Residential Mortgage Loan Sales

Three Months Ended March 31

	Three Months Ended March 31			
	Three Months Ended March 31			
	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
	2024			
	2024			
	2024			
	(Dollars in thousands)			
	(Dollars in thousands)			
	(Dollars in thousands)		(Dollars in thousands)	
Sold with servicing rights released				
Sold with servicing rights retained (1)				
Sold with servicing rights retained (1)				
Sold with servicing rights retained (1)				
Total loans sold				
Total loans sold				
Total loans sold				

(1) All loans sold with servicing rights retained during the above periods were sold without recourse.

In the event of a sale with servicing rights retained, a mortgage servicing asset is established, which represents the then current estimated fair value based on market prices for comparable mortgage servicing contracts, when available, or

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alternatively is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. Servicing rights are recorded in other assets in the Consolidated Balance Sheets, are amortized in proportion to and over the period of estimated net servicing income, and are assessed for impairment based on fair value at each reporting date. Impairment is determined by stratifying the rights based on predominant characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance, to the extent that fair value is less than the capitalized amount. If the Company later determines that all or a portion of the impairment no longer exists, a reduction of the allowance may be recorded as an increase to income. The principal balance of loans serviced by the Bank on behalf of investors was $296.0 million $291.1 million, $298.8 million and $320.9 million $311.5 million at March 31, 2024 June 30, 2024, December 31, 2023, and March 31, 2023 June 30, 2023, respectively.

The following table shows the adjusted cost of the servicing rights associated with these loans and the changes for the periods indicated:

Table 3 - Mortgage Servicing Asset

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
	(Dollars in thousands)		(Dollars in thousands)	
Balance at beginning of period				
Additions				
Additions				
Additions				
Amortization				
Amortization				
Amortization				
Change in valuation allowance				
Change in valuation allowance				
Change in valuation allowance				
Balance at end of period				
Balance at end of period				
Balance at end of period				

See *Note 6, 5, "Derivative and Hedging Activities"* within the Notes to Consolidated Financial Statements included in Part I. Item 1 of this Report for more information on mortgage activity and mortgage related derivatives.

Loan Portfolio The Company's total loan portfolio at March 31, 2024 June 30, 2024 increased by $52.5 million $122.9 million, or 0.4% (1.5% 0.9% (1.7% on an annualized basis), when compared to December 31, 2023. The 2024 first quarter half growth was primarily within the commercial real estate loan portfolio, reflecting transfers from the construction portfolio, modest new origination activity, and reduced levels of paydowns. paydowns, along with modest growth in the commercial and industrial portfolio. The small business portfolio also continued its steady growth, rising by 3.86% 6.9% during the first quarter half of 2024, while the total consumer real estate portfolios remained generally in line with prior quarter. portfolio increased $35.3 million, or 1.0% (2.0% on an annualized basis).

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The Company's commercial real estate loan portfolio, inclusive of commercial construction, is the Company's largest loan type concentration. The Company believes that this portfolio is also well-diversified with loans secured by a variety of property types, such as owner-occupied and nonowner-occupied commercial, retail, office, industrial, warehouse, and other special purpose properties, such as hotels, motels, nursing homes, restaurants, churches, recreational facilities, marinas, and golf courses. Commercial real estate also includes loans secured by certain residential-related property types, including multi-family apartment buildings, residential development tracts and condominiums. The following pie chart shows the diversification of the commercial real estate loan portfolio as of March 31, 2024 June 30, 2024:

1350

(1) Included in the total commercial real estate portfolio is $1.4 billion of owner occupied commercial real estate loans.

		(Dollars in thousands)
Average loan size	$	1,623 1,632
Largest individual commercial real estate mortgage outstanding	$	61,493 61,195
Commercial real estate nonperforming loans/commercial real estate loans		0.27 0.26 %

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Management considers the Company's commercial and industrial portfolio to be well-diversified with loans to various types of industries. The following pie chart shows the diversification of the commercial and industrial portfolio as of March 31, 2024 June 30, 2024:

330

		(Dollars in thousands)
Average loan size (excluding floor plan tranches)	$	399 408
Largest individual commercial and industrial loan outstanding	$	36,820 35,995
Commercial and industrial nonperforming loans/commercial and industrial loans		1.12 1.11 %

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The Company's consumer portfolio primarily consists of both fixed-rate and adjustable-rate residential real estate loans as well as residential construction lending related to single-home residential development within the Company's market area. The Company also provides home equity loans and lines of credit that may be made as a fixed-rate term loan or under a variable rate revolving line of credit secured by a first or junior mortgage on the borrower's residence or second home. Additionally, the Company makes loans for other personal needs. Other consumer loans primarily consist of installment loans and overdraft protections. The residential real estate, home equity and other consumer portfolios totaled $3.6 billion at March 31, 2024 June 30, 2024, as noted below:

1082

		(Dollars in thousands)
Average loan size	$	111 113
Largest individual consumer loan outstanding	$	5,290
Consumer nonperforming loans/consumer loans		0.42 0.44 %

Asset Quality The Company continually monitors the asset quality of the loan portfolio using all available information. Based on this assessment, loans demonstrating certain payment issues or other weaknesses may be categorized as delinquent, nonperforming and/or put on nonaccrual status. Further details surrounding relevant asset quality categories are summarized below:

Delinquency The Company's philosophy toward managing its loan portfolios is predicated upon careful monitoring, which stresses early detection and response to delinquent and default situations. The Company seeks to make arrangements to resolve any delinquent or default situation over the shortest possible time frame. Generally, the Company requires that a delinquency notice be mailed to a borrower upon expiration of a grace period (typically no longer than 15 days beyond the due date). Reminder notices may be sent and telephone calls may be made prior to the expiration of the grace period. If the delinquent status is not resolved within a reasonable time frame following the mailing of a delinquency notice, the Bank's personnel charged with managing its loan portfolios contacts the borrower to ascertain the reasons for delinquency and the prospects for payment. Any subsequent actions taken to resolve the delinquency will depend upon the nature of the loan and the length of time that the loan has been delinquent. The borrower's needs are considered as much as reasonably possible without jeopardizing the Bank's position. A late charge is usually assessed on loans upon expiration of the grace period.

Nonaccrual Loans As a general rule, loans 90 days or more past due with respect to principal or interest are classified as nonaccrual loans. However, certain loans that are 90 days or more past due may be kept on an accruing status if the loans are well secured and in the process of collection. Income accruals are suspended on all nonaccrual loans and all previously accrued

and uncollected interest is reversed against current income. A loan remains on nonaccrual status until it becomes current with respect to principal and interest and remains current for a minimum period of six months, the loan is liquidated, or when the loan is determined to be uncollectible and is charged-off against the allowance for credit losses.

Loan Modifications In the course of resolving problem loans, the Company may choose to modify the contractual terms of certain loans. The Company attempts to work out an alternative payment schedule with the borrower in order to avoid or cure a default. Terms may be modified to fit the ability of the borrower to repay in line with its current financial status and may include adjustments to term extensions, interest rates, other than insignificant payment delays and/or a combination thereof. These actions are intended to minimize economic loss and avoid foreclosure or repossession of collateral. If such efforts by the Bank do not result in satisfactory performance, the loan is referred to legal counsel, at which time foreclosure proceedings are initiated. At any time prior to a sale of the property at foreclosure, the Bank may terminate foreclosure proceedings if the borrower is able to work out a satisfactory payment plan. All loan modifications are reviewed by the Company to identify if a borrower is deemed to be experiencing financial difficulty at time of the modification.

Purchased Credit Deteriorated Loans Purchased Credit Deteriorated ("PCD") loans are acquired loans which have shown a more-than-insignificant deterioration in credit quality since origination. PCD loans are recorded at amortized cost with an allowance for credit losses recorded upon purchase.

Nonperforming Assets Nonperforming assets are typically comprised of nonperforming loans and other real estate owned ("OREO"). Nonperforming loans consist of nonaccrual loans and loans that are 90 days or more past due but still accruing interest.

OREO consists of real estate properties, which have primarily served as collateral to secure loans, that are controlled or owned by the Bank. These properties are recorded at fair value less estimated costs to sell at the date control is established, resulting in a new cost basis. The amount by which the recorded investment in the loan exceeds the fair value (net of estimated costs to sell) of the foreclosed asset is charged to the allowance for credit losses. Subsequent declines in the fair value of the foreclosed asset below the new cost basis are recorded through the use of a valuation allowance. Subsequent increases in the fair value are recorded as reductions in the valuation allowance, but not below zero. All costs incurred thereafter in maintaining the property are generally charged to noninterest expense. In the event the real estate is utilized as a rental property, net rental income and expenses are recorded as incurred within noninterest expense.

The following table sets forth information regarding nonperforming assets held by the Company at the dates indicated:

Table 4 - Nonperforming Assets

	March 31 2024	December 31 2023	March 31 2023
	June 30 2024	December 31 2023	June 30 2023
	(Dollars in thousands)		(Dollars in thousands)
Loans accounted for on a nonaccrual basis			
Commercial and industrial			
Commercial and industrial			
Commercial and industrial			
Commercial real estate			
Small business			
Residential real estate			
Home equity			
Other consumer			
Total			
Loans past due 90 days or more but still accruing			
Commercial real estate			
Commercial real estate			
Commercial real estate			

Home equity
Home equity
Home equity
Total
Total
Total
Total nonperforming loans
Total nonperforming loans
Total nonperforming loans
Other real estate owned
Other real estate owned
Other real estate owned
Total nonperforming assets (1)
Total nonperforming assets (1)
Total nonperforming assets (1)
Total nonperforming assets
Total nonperforming assets
Total nonperforming assets

Nonperforming loans as a percent of gross loans	Nonperforming loans as a percent of gross loans	0.40 %	0.38 %	0.40 %	Nonperforming loans as a percent of gross loans	0.40 %	0.38 %	0.32 %
Nonperforming assets as a percent of total assets	Nonperforming assets as a percent of total assets	0.30 %	0.28 %	0.29 %	Nonperforming assets as a percent of total assets	0.30 %	0.28 %	0.24 %

The following table summarizes the changes in nonperforming assets for the periods indicated:

Table 5 - Activity in Nonperforming Assets

	Three Months Ended		Three Months Ended		Six Months Ended	
	Three Months Ended					
	Three Months Ended					
	March 31 2024					
	March 31 2024					
	March 31 2024					
	(Dollars in thousands)					
	(Dollars in thousands)					
	June 30 2024	June 30 2023		June 30 2024		June 30 2023
	(Dollars in thousands)			(Dollars in thousands)		
Nonperforming assets beginning balance						
New to nonperforming						
New to nonperforming						
New to nonperforming						
Loans charged-off						
Loans charged-off						
Loans charged-off						
Loans paid-off						
Loans paid-off						
Loans paid-off						
Loans restored to performing status						
Loans restored to performing status						

Loans restored to performing status

Other

Other

Other

Nonperforming assets ending balance

Nonperforming assets ending balance

Nonperforming assets ending balance

Allowance for Credit Losses The allowance for credit losses is maintained at a level that management considers appropriate to provide for the Company's current estimate of expected lifetime credit losses on loans measured at amortized cost. The allowance is increased by providing for credit losses through a charge to expense and by credits for recoveries of loans previously charged-off and is reduced by loans being charged-off.

In accordance with the CECL methodology, the Company estimates credit losses for financial assets on a collective basis for loans sharing similar risk characteristics using a quantitative model combined with an assessment of certain qualitative factors designed to address forecast risk and model risk inherent in the quantitative model output. The model estimates expected credit losses using loan level data over the contractual life of the exposure, considering the effect of prepayments.

Economic forecasts are incorporated into the estimate over a reasonable and supportable forecast period of one year, beyond which is a reversion to the Company's historical long-run average for a period of six months. The Company's qualitative assessment is structured based upon nine environmental factors impacting the expected risk of loss within the loan portfolio, with an additional factor designed to capture model imprecision. Loans that do not share similar risk characteristics with any pools of assets are subject to individual assessment and are removed from the collectively assessed pools to avoid double counting. For the loans that will be individually assessed, the Company uses either a discounted cash flow (“DCF”) approach or a fair value of collateral approach. The latter approach is used for loans deemed to be collateral dependent or when foreclosure is probable.

Management's allowance for credit loss estimate incorporates an economic forecast over a reasonable and supportable period of 12 months. As of March 31, 2024 June 30, 2024, the forecast selected by management assumes that the Federal Reserve will begin easing rates gradually in mid-20 over the second half of 202424, , that inflation will stabilize and return to 2% target by early 2025, that fiscal policies will likely remain unchanged until after the end of 2024, U.S. presidential election, job growth will slow in 2024 with unemployment rising modestly, that new home prices sales will remain stable through 2024, robust given the current national housing deficit, and that prices the outlook for office real estate will generally decrease remain bearish as uncertainty over occupancy and operating cash flows persists. Additionally, the allowance for credit losses is qualitatively adjusted on a quarterly basis in order to ensure coverage for relationships that are deemed to be more at risk within certain industries, specific collateral types, or other specific characteristics that may be highly impacted by the current economic environment.

The following table summarizes the ratio of net charge-offs to average loans outstanding within each major loan category for the periods presented:

Table 6 - Summary of Net Charge-Offs/(Recoveries) to Average Loans Outstanding

	Net Charge-Offs/(Recoveries)	Net Charge-Offs/(Recoveries)	Average Loans Outstanding	Ratio of Annualized Net Charge-Offs/(Recoveries) to Average Loans	Net Charge-Offs/ (Recoveries)
	Net Charge-Offs/(Recoveries)				
	Net Charge-Offs/(Recoveries)				
	(Dollars in thousands)				(Dollars in thousands)
	(Dollars in thousands)				
	(Dollars in thousands)				
	Three Months Ended March 31, 2024				
Commercial and industrial					

Commercial and industrial

		Three Months Ended June 30, 2024				Six Months Ended June 30, 2024	
Commercial and industrial	Commercial and industrial	$ (2)	$ 1,583,858	—	— %	$ (87)	$ 1,5
Commercial real estate	Commercial real estate	—	8,112,683	—	— %	—	8,111,748
Commercial construction	Commercial construction	—	834,876	—	— %	—	838,678
Small business	Small business	48	265,273	0.07	0.07 %	118	261,147
Residential real estate	Residential real estate	—	2,427,635	—	— %	—	2,423,126
Home equity	Home equity	(137)	1,109,979	(0.05)	(0.05)%	(270)	1,102,418
Other consumer (1)	Other consumer (1)	430	31,019	5.58	5.58 %	852	30,844
Total	Total	$ 339	$ 14,365,323	0.01	0.01 %	$ 613	$ 14,3

Net Charge-Offs/ (Recoveries)

Net Charge-Offs/ (Recoveries)

		Net Charge-Offs/ (Recoveries)		Average Loans Outstanding		Ratio of Annualized Net Charge-Offs/(Recoveries) to Average Loans		Net Charge-Offs/ (Recoveries)	Average Loans Outstanding
		(Dollars in thousands)							(Dollars in thousands)
		(Dollars in thousands)							
		(Dollars in thousands)							
		Three Months Ended March 31, 2023							
Commercial and industrial									
Commercial and industrial									
		Three Months Ended June 30, 2023						Six Months Ended June 30, 2023	
Commercial and industrial	Commercial and industrial	$ 23,174	$	$ 1,686,348	5.51	5.51 %		$ 23,450	$ $ 1,6
Commercial real estate	Commercial real estate	—	7,803,702	7,803,702	—	— %		—	7,788,304
Commercial real estate									
Commercial real estate									
Commercial construction									
Commercial construction									
Commercial construction	Commercial construction	—	1,044,650	1,044,650	—	— %		—	1,089,311
Small business	Small business	51	230,371	230,371	0.09	0.09 %		48	226,479
Small business									
Small business									
Residential real estate									
Residential real estate									
Residential real estate	Residential real estate	—	2,153,563	2,153,563	—	— %		—	2,105,311
Home equity	Home equity	(10)	1,094,329	1,094,329	—	— %		(26)	1,091,707
Home equity									
Home equity									
Other consumer (1)									
Other consumer (1)									

Other consumer (1)	Other consumer (1)	269	28,863	28,863	3.74	3.74 %	550	30,940	
Total	Total	$ 23,484	$	$ 14,041,826	0.67	0.67 %	$ 24,022	$	$ 13,9
Total									
Total									

(1) Other consumer portfolio is inclusive of deposit account overdrafts recorded as loan balances and the associated net charge-offs.

For purposes of the allowance for credit losses, management segregates the portfolio based upon loans sharing similar risk characteristics. The allocation of the allowance for credit losses is made to each loan category using the analytical techniques and estimation methods described in this Report. While these amounts represent management's best estimate of credit losses at the evaluation dates, they are not necessarily indicative of either the categories in which actual losses may occur or the extent of such actual losses that may be recognized within each category. Each of these loan categories possess unique risk characteristics that are considered when determining the appropriate level of allowance for each segment. The total allowance is available to absorb losses from any segment of the loan portfolio.

The following table sets forth the allocation of the allowance for credit losses by loan category at the dates indicated:

Table 7 - Summary of Allocation of Allowance for Credit Losses

		March 31 2024				December 31 2023				June 30 2024				December 31 2023
		Allowance Amount		Allowance Amount as a Percentage of Total Allowance	Category of Loan as a Percentage of Total Loans	Allowance Amount		Allowance Amount as a Percentage of Total Allowance	Category of Loan as a Percentage of Total Loans		Allowance Amount		Allowance Amount as a Percentage of Total Allowance	Category of Loan as a Percentage of Total Loans
		(Dollars in thousands)												
Commercial and industrial	Commercial and industrial	$ 20,489	13.9	13.9 %	11.0 %	$ 19,243	13.5	13.5 %	11.1 %	Commercial and industrial	$ 20,884	13.8	13.8 %	
Commercial real estate	Commercial real estate	77,929	53.0	53.0 %	56.6 %	74,148	52.2	52.2 %	56.3 %	Commercial real estate	80,501	53.3	53.3 %	
Commercial construction	Commercial construction	7,573	5.2	5.2 %	5.8 %	7,683	5.4	5.4 %	6.0 %	Commercial construction	7,804	5.2	5.2 %	
Small business	Small business	4,028	2.7	2.7 %	1.8 %	3,963	2.8	2.8 %	1.8 %	Small business	4,059	2.7	2.7 %	
Residential real estate	Residential real estate	24,180	16.5	16.5 %	16.9 %	23,637	16.6	16.6 %	16.9 %	Residential real estate	24,836	16.5	16.5 %	
Home equity	Home equity	12,042	8.2	8.2 %	7.7 %	12,797	9.0	9.0 %	7.7 %	Home equity	11,755	7.8	7.8 %	
Other consumer	Other consumer	707	0.5	0.5 %	0.2 %	751	0.5	0.5 %	0.2 %	Other consumer	1,020	0.7	0.7 %	
Total	Total	$146,948	100.0	100.0 %	100.0 %	$142,222	100.0	100.0 %	100.0 %	Total	$150,859	100.0	100.0 %	1

To determine if a loan should be charged-off, all possible sources of repayment are analyzed. Possible sources of repayment include the potential for future cash flows, the value of the Bank's collateral, and the strength of co-makers or guarantors. When available information confirms that specific loans or portions thereof are uncollectible, these amounts are promptly charged-off against the allowance for credit losses and any recoveries of such previously charged-off amounts are credited to the allowance.

Regardless of whether a loan is unsecured or collateralized, the Company charges off the amount of any confirmed loan loss in the period when the loans, or portions of loans, are deemed uncollectible. For troubled, collateral-dependent loans, loss-confirming events may include an appraisal or other valuation that reflects a shortfall between the value of the collateral and the carrying value of the loan or receivable, or a deficiency balance following the sale of the collateral.

For additional information regarding the Company's allowance for credit losses, see *Note 3 "Loans, "Loans, Allowance for Credit Losses and Credit Quality Quality""* within the Notes to Consolidated Financial Statements included in Part I. Item 1 of this Report.

Federal Home Loan Bank Stock The FHLB Federal Home Loan Bank ("FHLB") is a cooperative that provides services to its member banking institutions. The primary reason for the FHLB of Boston membership is to gain access to a reliable source of wholesale funding as a tool to manage liquidity and interest rate risk. The purchase of stock in the FHLB is a requirement for a member to gain access to funding. The Company either purchases additional FHLB stock or is subject to redemption of FHLB stock proportional to the volume of funding received. The Company views the holdings as a necessary long-term investment for the purpose of balance sheet liquidity and not for investment return. The Company's investments in FHLB of Boston stock increased decreased to $46.3 million $32.7 million at March 31, 2024 June 30, 2024 compared to $43.6 million at December 31, 2023., in conjunction with reduced levels of outstanding FHLB borrowings.

Goodwill and Other Intangible Assets Goodwill and other intangible assets were $1.0 billion at both March 31, 2024 June 30, 2024 and December 31, 2023.

The Company typically performs its annual goodwill impairment testing during the third quarter of the year, unless certain indicators suggest earlier testing to be warranted. Accordingly, the Company last performed its annual goodwill impairment testing during the third quarter of 2023 and determined that goodwill was not impaired as of August 31, 2023. Other intangible assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. There were no other events or changes during the first second quarter of 2024 that indicated impairment of goodwill and other intangible assets.

Cash Surrender Value of Life Insurance Policies The Bank holds life insurance policies for the purpose of offsetting its future obligations to its employees under its retirement and benefits plans. The cash surrender value of life insurance policies was $298.4 million $300.1 million at March 31, 2024 June 30, 2024 compared to $297.4 million at December 31, 2023.

The Company recorded tax exempt income from life insurance policies of $2.0 million and $1.9 million for each of the three months ended March 31, 2024 June 30, 2024 and 2023. There were $263,000 in 2023, respectively, and $3.9 million and $3.8 million for the six months ended June 30, 2024 and 2023, respectively.

The Company recorded no gains on life insurance benefits recorded for the three months ended March 31, 2024 and $11,000 June 30, 2024 as compared to gains of $176,000 for the three months ended March 31, 2023. June 30, 2023, and recorded gains of $263,000, and $187,000 for the six months ended June 30, 2024 and 2023, respectively.

Deposits As of March 31, 2024 June 30, 2024, total deposits were $15.0 billion $15.4 billion, representing an $177.7 million a $544.0 million, or 1.2% 3.7%, increase from December 31, 2023. This increase was primarily driven by municipal deposit inflows and continued consumer demand for higher cost time deposits, partially offset by seasonal business deposit outflows. deposits. Though some level of product remixing persists, total noninterest bearing demand deposits comprised 29.71% 28.7% of total deposits at March 31, 2024 June 30, 2024. The total cost of deposits was 1.48% 1.65% and 0.59% 0.85% for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and 1.56% and 0.72% for the six months ended June 30, 2024 and 2023, respectively.

The Company's deposits are comprised primarily of core deposits (demand, savings and money market), as well as time deposits. The Company's ratio of core deposits to total deposits represented 83.2% 81.9% and 84.6% of total deposits as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively, with the decrease driven primarily by core deposit outflows in conjunction with growth in higher yielding time deposits. In addition, the Company may also utilize brokered deposit sources, as needed, with balances of $91.0 million and $100.9 million outstanding at March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

The Company's deposit accounts are insured to the maximum extent permitted by the Deposit Insurance Fund which is administered by the Federal Deposit Insurance Corporation ("FDIC"). The FDIC offers insurance coverage on deposits up to the federally insured limit of $250,000. The Company participates in the IntraFi Network, allowing it to provide easy access to multi-million dollar FDIC deposit insurance protection on certificate of deposit and money market investments for consumers, businesses and public entities. This channel allows the Company to access a reciprocal deposit exchange that can be used to benefit customers seeking increased FDIC insurance protection, and amounted to $933.0 million $979.0 million and $959.1 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. The estimated balance of uninsured deposits at the Bank were $4.7 billion $5.1 billion and $4.6 billion as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. Included in these amounts are $798.9 million $997.0 million and $720.5 million of collateralized deposits, which offer additional protection.

Borrowings The Company's borrowings consist of both short-term and long-term borrowings and provide the Bank with one of its primary sources of funding. Maintaining available borrowing capacity provides the Bank with a contingent source of liquidity. Borrowings were $1.0 billion $693.4 million at March 31, 2024 June 30, 2024, representing a decrease of $193.0 million $525.0 million as compared to December 31, 2023. This decrease was driven experienced primarily by a reduction in within Federal Home Loan Bank borrowings, of $143.0 million, which decreased $475.0 million in conjunction with deposit balance growth during over the quarter. first half of 2024. Additionally, the Company fully redeemed its outstanding subordinated debentures with an aggregate principal amount of $50.0 million during the quarter. first quarter of 2024.

The Company had $8.8 billion and $8.5 billion of assets pledged as collateral against borrowings at both March 31, 2024 June 30, 2024 and December 31, 2023, respectively. These assets are primarily pledged to the FHLB of Boston and the Federal Reserve Bank of Boston.

Capital Resources On March 21, 2024 June 20, 2024 the Company's Board of Directors declared a cash dividend of $0.57 per share to shareholders of record as of the close of business on April 1, 2024 July 1, 2024. This dividend was paid on April 5, 2024 July 8, 2024.

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of the Company's and the Bank's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below) of Total, Tier 1 Capital and Common Equity Tier 1 Capital (as defined for regulatory purposes) to risk weighted assets (as defined for regulatory purposes) and Tier 1 Capital to average assets (as defined for regulatory purposes). At March 31, 2024 June 30, 2024 and December 31, 2023, the Company and the Bank exceeded the minimum requirements for all applicable ratios that were in effect during the respective periods. The Company's and the Bank's capital amounts and ratios are presented in the following table, along with the applicable minimum requirements as of each date indicated:

Table 8 - Company and Bank's Capital Amounts and Ratios

		Actual			For Capital Adequacy Purposes				To Be Well Capitalized Under Prompt Corrective Action Provisions				Actual		For Capital Adequacy Purposes
		Amount	Ratio		Amount			Ratio	Amount			Ratio		Amount	Ratio
		March 31, 2024 (Dollars in thousands)											June 30, 2024 (Dollars in thousands)		
Company (consolidated)															
Total capital (to risk weighted assets)															
Total capital (to risk weighted assets)															
Total capital (to risk weighted assets)		$2,217,952	15.57	15.57 %	$ 1,139,815	≥	≥	8.0 %	N/A			N/A	$	2,252,808	15.84
Common equity tier 1 capital (to risk weighted assets)	Common equity tier 1 capital (to risk weighted assets)	2,017,183	14.16	14.16 %	641,146	≥	≥	4.5 %	N/A			N/A	Common equity tier 1 capital (to risk weighted assets)	2,048,300	14
Tier 1 capital (to risk weighted assets)	Tier 1 capital (to risk weighted assets)	2,017,183	14.16	14.16 %	854,861	≥	≥	6.0 %	N/A			N/A	Tier 1 capital (to risk weighted assets)	2,048,300	14
Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	2,017,183	10.95	10.95 %	736,772	≥	≥	4.0 %	N/A			N/A	Tier 1 capital (to average assets)	2,048,300	11
Bank															
Total capital (to risk weighted assets)															
Total capital (to risk weighted assets)															
Total capital (to risk weighted assets)		$2,192,088	15.38	15.38 %	$ 1,139,927	≥	≥	8.0 %	$1,424,908	≥	≥	10.0 %	$	2,206,663	15.52
Common equity tier 1 capital (to risk weighted assets)	Common equity tier 1 capital (to risk weighted assets)	2,052,319	14.40	14.40 %	641,209	≥	≥	4.5 %	926,190	≥	≥	6.5 %	Common equity tier 1 capital (to risk weighted assets)	2,063,155	14.51
Tier 1 capital (to risk weighted assets)	Tier 1 capital (to risk weighted assets)	2,052,319	14.40	14.40 %	854,945	≥	≥	6.0 %	1,139,927	≥	≥	8.0 %	Tier 1 capital (to risk weighted assets)	2,063,155	14.51

Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	2,052,319	11.12	11.12	%	738,358	≥	≥	4.0	%	922,948	≥	≥	5.0	%	Tier 1 capital (to average assets)	2,063,155	11.17

December 31, 2023 | December 31, 2023

(Dollars in thousands)

Company (consolidated)																		
Total capital (to risk weighted assets)																		
Total capital (to risk weighted assets)																		
Total capital (to risk weighted assets)		$2,268,863	15.91	15.91	%	$ 1,140,554	≥	≥	8.0	%	N/A			N/A		$	2,268,863	15.91
Common equity tier 1 capital (to risk weighted assets)	Common equity tier 1 capital (to risk weighted assets)	2,022,873	14.19	14.19	%	641,562	≥	≥	4.5	%	N/A			N/A		Common equity tier 1 capital (to risk weighted assets)	2,022,873	14
Tier 1 capital (to risk weighted assets)	Tier 1 capital (to risk weighted assets)	2,022,873	14.19	14.19	%	855,416	≥	≥	6.0	%	N/A			N/A		Tier 1 capital (to risk weighted assets)	2,022,873	14
Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	2,022,873	10.96	10.96	%	737,984	≥	≥	4.0	%	N/A			N/A		Tier 1 capital (to average assets)	2,022,873	10
Bank																		
Total capital (to risk weighted assets)																		
Total capital (to risk weighted assets)																		
Total capital (to risk weighted assets)		$2,183,436	15.32	15.32	%	$ 1,140,550	≥	≥	8.0	%	$1,425,687	≥	≥	10.0	%	$	2,183,436	15.32
Common equity tier 1 capital (to risk weighted assets)	Common equity tier 1 capital (to risk weighted assets)	2,048,426	14.37	14.37	%	641,559	≥	≥	4.5	%	926,696	≥	≥	6.5	%	Common equity tier 1 capital (to risk weighted assets)	2,048,426	14.37
Tier 1 capital (to risk weighted assets)	Tier 1 capital (to risk weighted assets)	2,048,426	14.37	14.37	%	855,412	≥	≥	6.0	%	1,140,550	≥	≥	8.0	%	Tier 1 capital (to risk weighted assets)	2,048,426	14.37
Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	2,048,426	11.10	11.10	%	738,055	≥	≥	4.0	%	922,568	≥	≥	5.0	%	Tier 1 capital (to average assets)	2,048,426	11.10

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In addition to the minimum risk-based capital requirements outlined in the table above, the Company is required to maintain a minimum capital conservation buffer, in the form of common equity, in order to avoid restrictions on capital distributions and discretionary bonuses. The required amount of the capital conservation buffer is 2.5%. At March 31, 2024 June 30, 2024, the Company's capital levels exceeded the buffer.

Dividend Restrictions The Company is subject to capital and dividend requirements administered by federal and state bank regulators, and the Company will not declare a cash dividend that would cause the Company to violate regulatory requirements. The Company is, in the ordinary course of business, dependent upon the receipt of cash dividends from the Bank to pay cash dividends to shareholders and satisfy the Company's other cash needs. Federal and state law impose limits on capital distributions by the Bank. Massachusetts-chartered banks, such as the Bank, may declare from net profits cash dividends not more frequently than quarterly and non-cash dividends at any time. No dividends may be declared, credited, or paid if the Bank's capital stock would be impaired. Massachusetts Bank Commissioner approval is required if the total of all dividends declared by the Bank in any calendar year would exceed the total of its net profits for that year combined with its retained net profits of the preceding two years, less any required transfer to surplus or a fund for the retirement of any preferred stock. Dividends paid by the Bank to the Company totaled $47.9 million $45.3 million and $66.4 million $55.9 million for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively and totaled $93.2 million and $122.2 million for the six months ended June 30, 2024 and 2023, respectively.

Trust Preferred Securities In accordance with the applicable accounting standard related to variable interest entities, the common stock of trusts which have issued trust preferred securities has not been included in the consolidated financial statements of the Company. At both March 31, 2024 June 30, 2024 and December 31, 2023 there were $61.0 million in trust preferred securities included in the Tier 2 capital of the Company for regulatory reporting purposes pursuant to the Federal Reserve's capital adequacy guidelines.

Investment Management The following table presents total assets under administration and number of accounts held by the Rockland Trust Investment Management Group at the following dates:

Table 9 - Assets Under Administration

	March 31 2024	December 31 2023	March 31 2023
	June 30 2024	December 31 2023	June 30 2023
		(Dollars in thousands)	
Assets under administration			
Number of trust, fiduciary and agency accounts			

The Company's Investment Management Group provides investment management and trust services to individuals, institutions, small businesses, and charitable institutions.

Accounts maintained by the Investment Management Group consist of managed and nonmanaged accounts. Managed accounts are those for which the Bank is responsible for administration and investment management and/or investment advice, while nonmanaged accounts are those for which the Bank acts solely as a custodian or directed trustee. The Bank receives fees dependent upon the level and type of service(s) provided. The Investment Management Group generated gross fee revenues of $9.1 million $9.6 million and $8.2 million $8.9 million for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively and $18.7 million and $17.0 million for the six months ended June 30, 2024 and 2023, respectively. Total assets under administration at March 31, 2024 June 30, 2024 were $6.8 billion $6.9 billion, including $396.9 million $401.3 million of investment solutions designed by Rockland Trust that are administered and executed through its agreement with LPL Financial ("LPL"), compared to $6.5 billion and $383.0 million, respectively, at December 31, 2023. The Company also has a subsidiary that is a registered investment advisor, Bright Rock Capital Management, LLC ("Bright Rock"), which provides institutional quality investment management services to both institutional and high net worth clients. Included in these same amounts as of March 31, 2024 June 30, 2024 and December 31, 2023 are assets under administration of $484.8 million $475.1 million and $449.8 million, respectively, related to Bright Rock.

The administration of trust and fiduciary accounts is monitored by the Trust Committee of the Bank's Board of Directors. The Trust Committee has delegated administrative responsibilities to three committees, one for investments, one for administration, and one for operations, all of which are comprised of Investment Management Group officers who meet no less than quarterly.

The Bank has an agreement with LPL and its affiliates and their insurance subsidiary, LPL Insurance Associates, Inc., to offer the sale of mutual fund shares, unit investment trust shares, general securities, fixed and variable annuities and life insurance. Registered representatives who are both employed by the Bank and licensed and contracted with LPL are onsite to offer these products to the Bank's customer base. These same agents are also approved and appointed with various other Broker General Agents for the purposes of processing insurance solutions for clients. Retail investments and insurance revenue was $861,000 $1.4 million and $1.6 million $1.5 million for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and $2.2 million and $3.1 million for the six months ended June 30, 2024 and 2023, respectively.

RESULTS OF OPERATIONS

The following table provides a summary of results of operations for the three and six months ended March 31, 2024 June 30, 2024 and 2023:

Table 10 - Summary of Results of Operations

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
	(Dollars in thousands, except per share data)		(Dollars in thousands, except per share data)	

Net income									
Diluted earnings per share									
Diluted earnings per share									
Diluted earnings per share									
Return on average assets									
Return on average assets									
Return on average assets	Return on average assets	1.07	%	1.29	%	1.03	%	1.29	%
Return on average equity	Return on average equity	7.10	%	8.78	%	6.87	%	8.70	%
Return on average equity									
Return on average equity									
Net interest margin	Net interest margin	3.25	%	3.54	%	3.24	%	3.67	%
Net interest margin									
Net interest margin									

Net Interest Income The amount of net interest income is affected by changes in interest rates and by the volume, mix, and interest rate sensitivity of interest-earning assets and interest-bearing liabilities.

On a fully tax equivalent basis ("FTE" ("FTE"), net interest income for the first second quarter of 2024 was $138.6 million $139.1 million, representing a decrease of $21.5 million $14.5 million, or 13.4% 9.5%, when compared to the first second quarter of 2023, as 2023. For the six months ended June 30, 2024, the net interest income on a FTE basis was $277.7 million, representing a decrease of $36.0 million, or 11.5%, when compared to the six months ended June 30, 2023. The decreases in net interest income for both the three and six month 2024 periods were primarily attributable to rising deposit costs, continued to counter the benefit of repriced assets, resulting in a reduction in net interest margin decrease of 56 29 basis points to 3.23% 3.25% for the second quarter of 2024, compared to the same prior year quarter, and a net interest margin decrease of 43 basis points to 3.24% for the first quarter half of 2024. 2024 as compared to the same prior year period.

The following tables present the Company's average balances, net interest income, interest rate spread, and net interest margin for the three and six months ended March 31, 2024 June 30, 2024 and 2023. Nontaxable income from loans and securities is presented on a FTE basis by adjusting tax-exempt income upward by an amount equivalent to the prevailing income tax rate that would have been paid if the income had been fully taxable.

Table 11 - Average Balance, Interest Earned/Paid & Average Yields Quarter-to-Date

	Three Months Ended March 31											Three Months End
	2024					2023						2024
	Average Balance		Interest Earned/ Paid		Yield/Rate		Average Balance		Interest Earned/ Paid		Yield/Rate	Average Balance
	(Dollars in thousands)											(Doll
Interest-earning assets												
Interest-earning deposits with banks, federal funds sold, and short term investments												
Interest-earning deposits with banks, federal funds sold, and short term investments												
Interest-earning deposits with banks, federal funds sold, and short term investments	$ 50,583	$	$ 483	3.84	3.84 %	$	73,608	$	$ 665	3.66	3.66 %	$ 47,598
Securities												
Securities - trading												
Securities - trading												
Securities - trading	4,779	—	—	—	— %		4,095	—	—	—	—	%

Securities - taxable investments	Securities - taxable investments	2,867,460	14,231	14,231	2.00	2.00 %	3,117,024	15,309	15,309	1.99	1.99	%	Secu taxa inve
Securities - nontaxable investments (1)	Securities - nontaxable investments (1)	190	2	2	4.23	4.23 %	193	2	2	4.20	4.20	%	Secu nont inve (1)
Total securities	Total securities	$ 2,872,429	$	$ 14,233	1.99	1.99 %	$ 3,121,312	$	$ 15,311	1.99	1.99 %	Total securities	$ 2
Loans held for sale	Loans held for sale	7,095	104	104	5.90	5.90 %	2,474	34	34	5.57	5.57	%	Loans sale
Loans (2)													
Commercial and industrial (1)													
Commercial and industrial (1)													
Commercial and industrial (1)		1,559,978	27,629	27,629	7.12	7.12 %	1,618,330	26,572	26,572	6.66	6.66	%	1
Commercial real estate (1)	Commercial real estate (1)	8,110,813	102,054	102,054	5.06	5.06 %	7,773,007	89,581	89,581	4.67	4.67	%	Com real (1)
Commercial construction	Commercial construction	842,480	15,421	15,421	7.36	7.36 %	1,134,469	16,467	16,467	5.89	5.89	%	Com cons
Small business	Small business	257,022	4,160	4,160	6.51	6.51 %	222,543	3,219	3,219	5.87	5.87	%	Sma busi
Total commercial	Total commercial	10,770,293	149,264	149,264	5.57	5.57 %	10,748,349	135,839	135,839	5.13	5.13	%	Tot cor
Residential real estate	Residential real estate	2,418,617	26,083	26,083	4.34	4.34 %	2,056,524	19,358	19,358	3.82	3.82	%	Res real
Home equity	Home equity	1,094,856	18,444	18,444	6.78	6.78 %	1,089,056	16,244	16,244	6.05	6.05	%	Hom
Total consumer real estate	Total consumer real estate	3,513,473	44,527	44,527	5.10	5.10 %	3,145,580	35,602	35,602	4.59	4.59	%	Tot cor rea
Other consumer	Other consumer	30,669	609	609	7.99	7.99 %	32,767	577	577	7.14	7.14	%	Othe cons
Total loans	Total loans	$14,314,435	$	$194,400	5.46	5.46 %	$13,926,696	$	$172,018	5.01	5.01 %	Total loans	$ 14
Total interest-earning assets	Total interest-earning assets	$17,244,542	$	$209,220	4.88	4.88 %	$17,124,090	$	$188,028	4.45	4.45 %	Total interest-earning assets	$ 17
Cash and due from banks													
Federal Home Loan Bank stock													
Federal Home Loan Bank stock													
Federal Home Loan Bank stock													
Other assets													
Other assets													
Other assets													
Total assets													
Total assets													
Total assets													
Interest-bearing liabilities													

Interest-bearing liabilities

Interest-bearing liabilities

Deposits

Deposits

Deposits

Savings and interest checking accounts

Savings and interest checking accounts

Savings and interest checking accounts		$ 5,165,866	$	$ 14,856	1.16	1.16 %	$ 5,745,357	$	$ 7,473	0.53	0.53 %		$ 5,166,340				
Money market	Money market	2,844,014	15,991	15,991	2.26	2.26 %	3,243,322	10,393	10,393	1.30	1.30 %	Mon marl					
Time deposits	Time deposits	2,297,219	23,473	23,473	4.11	4.11 %	1,293,987	4,809	4,809	1.51	1.51 %	Time depo					
Total interest-bearing deposits	Total interest-bearing deposits	$10,307,099	$	$ 54,320	2.12	2.12 %	$10,282,666	$	$ 22,675	0.89	0.89 %	Total interest-bearing deposits	$ 10				
Borrowings																	
Federal Home Loan Bank borrowings																	
Federal Home Loan Bank borrowings																	
Federal Home Loan Bank borrowings		$ 1,185,296	$	$ 14,631	4.96	4.96 %	$ 298,413	$	$ 3,644	4.95	4.95 %		$ 957,268				
Junior subordinated debentures																	
Junior subordinated debentures																	
Junior subordinated debentures		62,858	1,147	1,147	7.34	7.34 %	62,856	1,001	1,001	6.46	6.46 %						
Subordinated debentures	Subordinated debentures	40,651	508	508	5.03	5.03 %	49,897	617	617	5.01	5.01 %	Sub debe					
Total borrowings	Total borrowings	$ 1,288,805	$	$ 16,286	5.08	5.08 %	$ 411,166	$	$ 5,262	5.19	5.19 %	Total borrowings	$ 1				
Total interest-bearing liabilities	Total interest-bearing liabilities	$11,595,904	$	$70,606	2.45	2.45 %	$10,693,832	$	$27,937	1.06	1.06 %	Total interest-bearing liabilities	$11,675,306	$	$ 73,938	2.55	2.55 %

Noninterest bearing demand deposits

Other liabilities

Other liabilities

Other liabilities

Total liabilities

Total liabilities

Total liabilities

Stockholders' equity

Stockholders' equity

Stockholders' equity				
Total liabilities and stockholders' equity				
Total liabilities and stockholders' equity				
Total liabilities and stockholders' equity				
Net interest income (1)				
Net interest income (1)				
Net interest income (1)				
Interest rate spread (3)				
Interest rate spread (3)				
Interest rate spread (3)		2.43 %	3.39 %	
Net interest margin (4)	Net interest margin (4)	3.23 %	3.79 %	Net interest margin (4)
Supplemental information				
Total deposits, including demand deposits				
Total deposits, including demand deposits				
Total deposits, including demand deposits				
Cost of total deposits				
Cost of total deposits				
Cost of total deposits		1.48 %	0.59 %	
Total funding liabilities, including demand deposits				
Cost of total funding liabilities				
Cost of total funding liabilities				
Cost of total funding liabilities		1.77 %	0.71 %	

(1) The total amount of adjustment to interest income and yield on a FTE basis was $1.2 million and $1.1 million for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively.

(2) Includes average nonaccruing loans.

(3) Interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.

(4) Net interest margin represents annualized net interest income as a percentage of average interest-earning assets.

Table 12 - Average Balance, Interest Earned/Paid & Average Yields Year-to-Date

	Six Months Ended June 30					
	2024			2023		
	Average Balance	Interest Earned/ Paid	Yield/ Rate	Average Balance	Interest Earned/ Paid	Yield/ Rate

	(Dollars in thousands)					
Interest-earning assets						
Interest-earning deposits with banks, federal funds sold, and short-term investments	$ 49,091	$ 880	3.60 %	$ 172,569	$ 3,977	4.65 %
Securities						
Securities - trading	4,759	—	— %	4,292	—	— %
Securities - taxable investments	2,830,302	28,223	2.01 %	3,094,263	30,890	2.01 %
Securities - nontaxable investments (1)	190	4	4.23 %	192	4	4.20 %
Total securities	$ 2,835,251	$ 28,227	2.00 %	$ 3,098,747	$ 30,894	2.01 %
Loans held for sale	9,853	303	6.18 %	2,727	73	5.40 %
Loans (2)						
Commercial and industrial (1)	1,571,918	55,911	7.15 %	1,652,527	56,023	6.84 %
Commercial real estate (1)	8,111,748	206,526	5.12 %	7,788,304	181,394	4.70 %
Commercial construction	838,678	30,872	7.40 %	1,089,311	33,679	6.23 %
Small business	261,147	8,536	6.57 %	226,479	6,720	5.98 %
Total commercial	10,783,491	301,845	5.63 %	10,756,621	277,816	5.21 %
Residential real estate	2,423,126	52,555	4.36 %	2,105,311	40,301	3.86 %
Home equity	1,102,418	37,270	6.80 %	1,091,707	33,638	6.21 %
Total consumer real estate	3,525,544	89,825	5.12 %	3,197,018	73,939	4.66 %
Other consumer	30,844	1,202	7.84 %	30,940	1,143	7.45 %
Total loans	$ 14,339,879	$ 392,872	5.51 %	$ 13,984,579	$ 352,898	5.09 %
Total interest-earning assets	$ 17,234,074	$ 422,282	4.93 %	$ 17,258,622	$ 387,842	4.53 %
Cash and due from banks	178,032			180,047		
Federal Home Loan Bank stock	44,157			29,749		
Other assets	1,842,859			1,835,669		
Total assets	$ 19,299,122			$ 19,304,087		
Interest-bearing liabilities						
Deposits						
Savings and interest checking accounts	$ 5,166,103	$ 31,185	1.21 %	$ 5,628,535	$ 16,898	0.61 %
Money market	2,876,759	33,400	2.33 %	3,143,355	22,724	1.46 %
Time deposits	2,438,277	51,204	4.22 %	1,462,929	14,962	2.06 %
Total interest-bearing deposits	$ 10,481,139	$ 115,789	2.22 %	$ 10,234,819	$ 54,584	1.08 %
Borrowings						
Federal Home Loan Bank borrowings	$ 1,071,282	$ 25,960	4.87 %	$ 685,626	$ 16,220	4.77 %
Junior subordinated debentures	62,858	2,287	7.32 %	62,856	2,045	6.56 %
Subordinated debentures	20,326	508	5.03 %	49,909	1,235	4.99 %
Total borrowings	$ 1,154,466	$ 28,755	5.01 %	$ 798,391	$ 19,500	4.93 %
Total interest-bearing liabilities	$ 11,635,605	$ 144,544	2.50 %	$ 11,033,210	$ 74,084	1.35 %
Noninterest bearing demand deposits	4,400,002			5,045,694		
Other liabilities	361,601			355,097		
Total liabilities	$ 16,397,208			$ 16,434,001		
Stockholders' equity	2,901,914			2,870,086		
Total liabilities and stockholders' equity	$ 19,299,122			$ 19,304,087		
Net interest income (1)		$ 277,738			$ 313,758	
Interest rate spread (3)			2.43 %			3.18 %
Net interest margin (4)			3.24 %			3.67 %
Supplemental information						

Total deposit, including demand deposits	$	14,881,141	$	115,789		$	15,280,513	$	54,584	
Cost of total deposits					1.56 %					0.72 %
Total funding liabilities, including demand deposits	$	16,035,607	$	144,544		$	16,078,904	$	74,084	
Cost of total funding liabilities					1.81 %					0.93 %

(1) The total amount of adjustment to present interest income and yield on a FTE basis was $2.4 million and $2.2 million for the six months ended June 30, 2024 and 2023, respectively.

(2) Includes average nonaccruing loans.

(3) Interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.

(4) Net interest margin represents annualized net interest income as a percentage of average interest-earning assets.

The following table presents certain information on a FTE basis regarding changes in the Company's interest income and interest expense for the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided with respect to changes attributable to: (1) changes in rate (change in rate multiplied by prior period volume), (2) changes in volume (change in volume multiplied by old rate), and (3) changes in volume/rate (change in volume multiplied by change in rate) which is allocated to the change due to rate column:

Table 12 13 - Volume Rate Analysis

	Three Months Ended March 31						
	Three Months Ended March 31						
	Three Months Ended March 31						
	2024 Compared To 2023						
	2024 Compared To 2023						
		Three Months Ended June 30			Six Months Ended June 30		
	2024 Compared To 2023						
	Change Due to Rate	Change Due to Rate	Change Due to Volume	Total Change	Change Due to Rate	Change Due to Volume	Total Change
	Change Due to Rate						
	Change Due to Rate						
	(Dollars in thousands)		(Dollars in thousands)				
Income on interest-earning assets							
Interest earning deposits, federal funds sold and short term investments							
Interest earning deposits, federal funds sold and short term investments							
Interest earning deposits, federal funds sold and short term investments							
Securities							
Securities							
Securities							
Securities - taxable investments							
Securities - taxable investments							
Securities - taxable investments							
Securities - nontaxable investments (1)							
Securities - nontaxable investments (1)							
Securities - nontaxable investments (1)							
Total securities							
Total securities							
Total securities							
Loans held for sale							
Loans held for sale							
Loans held for sale							

Loans
Loans
Loans
Commercial and industrial (1)
Commercial and industrial (1)
Commercial and industrial (1)
Commercial real estate (1)
Commercial real estate (1)
Commercial real estate (1)
Commercial construction
Commercial construction
Commercial construction
Small business
Small business
Small business
Total commercial
Total commercial
Total commercial
Residential real estate
Residential real estate
Residential real estate
Home equity
Home equity
Home equity
Total consumer real estate
Total consumer real estate
Total consumer real estate
Other consumer
Other consumer
Other consumer
Total loans (1)(2)
Total loans (1)(2)
Total loans (1)(2)
Total income of interest-earning assets
Total income of interest-earning assets
Total income of interest-earning assets
Expense of interest-bearing liabilities
Expense of interest-bearing liabilities
Expense of interest-bearing liabilities
Deposits
Deposits
Deposits
Savings and interest checking accounts
Savings and interest checking accounts
Savings and interest checking accounts
Money market
Money market
Money market
Time certificates of deposits
Time certificates of deposits
Time certificates of deposits

Total interest bearing deposits
Total interest bearing deposits
Total interest bearing deposits
Borrowings
Borrowings
Borrowings
Federal Home Loan Bank borrowings
Federal Home Loan Bank borrowings
Federal Home Loan Bank borrowings
Long-term borrowings
Long-term borrowings
Long-term borrowings
Junior subordinated debentures
Junior subordinated debentures
Junior subordinated debentures
Subordinated debentures
Subordinated debentures
Subordinated debentures
Total borrowings
Total borrowings
Total borrowings
Total expense of interest-bearing liabilities
Total expense of interest-bearing liabilities
Total expense of interest-bearing liabilities
Change in net interest income
Change in net interest income
Change in net interest income

(1) Reflects income determined on a FTE basis. See footnote (1) to Table 11 in this Report for the related adjustments.

(2) Loans include portfolio loans and nonaccrual loans; however, unpaid interest on nonaccrual loans has not been included for purposes of determining interest income.

Provision For Credit Losses The provision for credit losses represents the charge to expense that is required to maintain an adequate appropriate level of allowance for credit losses. The Company recorded a provision for credit losses loss of $5.0 million $4.3 million and $7.3 million $9.3 million for the three and six months ended June 30, 2024, respectively, as compared to a provision for credit loss of $5.0 million for the three months ended March 31, 2024 June 30, 2023 and March 31, 2023, respectively. $12.3 million for the six months ended June 30, 2023.

The Company's allowance for credit losses, as a percentage of total loans, was 1.03% 1.05% at March 31, 2024 June 30, 2024, 1.00% at December 31, 2023, and 1.14% 0.99% at March 31, 2023 June 30, 2023. Refer to *Note 3, "Loans, "Loans, Allowance for Credit Losses and Credit Quality Quality"*" within the Notes to Consolidated Financial Statements included in Part I. Item 1 of this Report, for further details surrounding the primary drivers of the provision for credit losses for the period.

Noninterest Income The following table sets forth information regarding noninterest income for the periods shown:

Table 13 14 - Noninterest Income

	Three Months Ended										
	March 31		Change			June 30			Change		
	2024	2023	Amount		%	2024			2023		
Deposit account fees											
Deposit account fees											
Deposit account fees	$ 6,228	$	$ 5,916	$	$ 312	5.27	5.27	% $ 6,332	$	$ 5,508	$
Interchange and ATM fees	Interchange and ATM fees 4,452	4,184	4,184	268	268	6.41	6.41	%	Interchange and ATM fees 4,753	4,478	4,478

Investment management and advisory	Investment management and advisory	9,941	9,779	9,779	162	162	1.66	1.66	%	Investment management and advisory	10,987	10,348	10,348	
Mortgage banking income	Mortgage banking income	796	308	308	488	488	158.44	158.44	%	Mortgage banking income	1,320	670	670	
Increase in cash surrender value of life insurance policies	Increase in cash surrender value of life insurance policies	1,928	1,854	1,854	74	74	3.99	3.99	%	Increase in cash surrender value of life insurance policies	2,000	1,940	1,940	
Gain on life insurance benefits	Gain on life insurance benefits	263	11	11	252	252	2,290.91	2,290.91	%	Gain on life insurance benefits	—	176	176	
Loan level derivative income														
Loan level derivative income														
Loan level derivative income		80	408	408	(328)	(328)	(80.39)	(80.39)	%		473	1,275	1,275	(8
Other noninterest income														
Other noninterest income														
Other noninterest income		6,255	5,782	5,782	473	473	8.18	8.18	%		6,465	6,362	6,362	
Total	Total	$29,943	$	$28,242	$	$1,701	6.02	6.02	%	Total	$ 32,330	$	$30,757	$

	Six Months Ended June 30		Change	
	Six Months Ended			
	Six Months Ended			
	2024	2023	Amount	%
	(Dollars in thousands)			
Deposit account fees	$12,560	$11,424	$1,136	9.94 %
Interchange and ATM fees	9,205	8,662	543	6.27 %
Investment management	20,928	20,127	801	3.98 %
Mortgage banking income	2,116	978	1,138	116.36 %
Increase in cash surrender value of life insurance policies	3,928	3,794	134	3.53 %
Gain on life insurance benefits	263	187	76	40.64 %
Loan level derivative income				
Loan level derivative income				
Loan level derivative income	553	1,683	(1,130)	(67.14) %
Other noninterest income				
Other noninterest income				
Other noninterest income	12,720	12,144	576	4.74 %
Total	$62,273	$58,999	$3,274	5.55 %

The primary reasons for the variances in the noninterest income categories shown in the preceding table include:

- Deposit account fees increased during were higher for the three and six months ended March 31, 2024, June 30, 2024 as compared to the same prior year period periods driven primarily by increased overdraft and cash management fees.

- Interchange and ATM fees were higher for the three and six months ended March 31, 2024 increased June 30, 2024 as compared to the same prior year period periods due primarily to higher increased transaction volumes.
- Investment management and advisory income increased, driven primarily by higher levels of assets under administration, which increased by $658.9 million $566.9 million, or 10.7% 9.0%, to $6.8 billion $6.9 billion at March 31, 2024 June 30, 2024 as compared to $6.1 billion $6.3 billion at March 31, 2023 June 30, 2023. This increase was partially offset by higher insurance and retail commission income recognized during the first quarter half of 2023 as compared to the current quarter. first half of 2024.
- Mortgage banking income increased for the three and six months ended March 31, 2024 June 30, 2024 as compared to the same prior year period periods due primarily to a greater portion of new originations being sold in the secondary market versus being retained in the Company's portfolio. portfolio during the first half of 2024 as compared to the first half of 2023.
- Loan level derivative income decreased for the three and six months ended March 31, 2024 June 30, 2024 in comparison to the same prior year periods due to lower demand.
- Other noninterest income increased for the three months ended March 31, 2024, June 30, 2024 was relatively flat compared to the same prior year period as higher FHLB dividend income and commercial loan fees recognized during the second quarter of 2024 were offset by reductions in interest income recognized from income tax return refunds as well as purchases of Massachusetts historical tax credits during the second quarter of 2023. Other noninterest income for the six months ended June 30, 2024 was higher than the same prior year period, primarily attributable to increased FHLB dividend income, and realized gains on sales of equity securities, and commercial loan fees, partially offset by discounted purchases of Massachusetts historical tax credits made during the first quarter half of 2023 and reduced unrealized gains on equity securities during the first quarter half of 2024 compared to the same prior year period.

Noninterest Expense The following table sets forth information regarding non-interest expense for the periods shown:

Table 14 15 - Noninterest Expense

		Three Months Ended							Three Months Ended			
		March 31				Change						
		June 30				Change						
		2024		2023		Amount		%		2024		2023
		(Dollars in thousands)								(Dollars in thousands)		
Salaries and employee benefits	Salaries and employee benefits	$ 57,174	$	$ 56,975	$	$ 199	0.35	0.35 %	Salaries and employee benefits	$ 57,162	$	$53,975 $
Occupancy and equipment expenses	Occupancy and equipment expenses	13,467	12,822	12,822	645	645	5.03	5.03 %	Occupancy and equipment expenses	12,472	12,385	12,385
Data processing & facilities management	Data processing & facilities management	2,483	2,527	2,527	(44)	(44)	(1.74)	(1.74) %	Data processing & facilities management	2,405	2,530	2,530
Software and subscriptions	Software and subscriptions	4,094	2,949	2,949	1,145	1,145	38.83	38.83 %	Software and subscriptions	4,475	3,134	3,134
FDIC assessment	FDIC assessment	2,982	2,610	2,610	372	372	14.25	14.25 %	FDIC assessment	2,694	2,674	2,674
Consulting expense		1,997		1,935		62		3.20 %				
Advertising expense		1,826		1,641		(125)		(4.94) %				
Debit card expense	Debit card expense	2,478	2,171	2,171	307	307	14.14	14.14 %	Debit card expense	1,602	2,217	2,217
Consulting expense		1,428		2,077		(649)		(31.25) %				

Amortization of intangible assets	Amortization of intangible assets	1,563	1,815	1,815	(252)	(252)	(13.88)	(13.88)	%	Amortization of intangible assets	1,465	1,716	1,716	
Other noninterest expenses														
Other noninterest expenses														
Other noninterest expenses		14,218	14,715	14,715	(497)	(497)	(3.38)	(3.38)	%		13,516	13,348	13,348	168
Total	Total	$ 99,887	$	$ 98,661	$	$1,226	1.24	1.24	%	Total	$ 99,614	$	$95,555	$

	Six Months Ended Six Months Ended Six Months Ended			
	June 30		Change	
	2024	2023	Amount	%
	(Dollars in thousands)			
Salaries and employee benefits	$114,336	$110,950	$3,386	3.05 %
Occupancy and equipment expenses	25,939	25,207	732	2.90 %
Data processing & facilities management	4,888	5,057	(169)	(3.34) %
Software and subscriptions	8,569	6,083	2,486	40.87 %
FDIC assessment	5,676	5,284	392	7.42 %
Consulting expense	3,425	4,012	(587)	(14.63) %
Advertising expense	2,986	2,858	128	4.48 %
Debit card expense	4,080	4,388	(308)	(7.02) %
Amortization of intangible assets	3,028	3,531	(503)	(14.25) %
Other noninterest expenses				
Other noninterest expenses				
Other noninterest expenses	26,574	26,846	(272)	(1.01) %
Total	$199,501	$194,216	$5,285	2.72 %

The primary reasons for the variances in the noninterest expense categories shown in the preceding table include:

- The increase increases in salaries and employee benefits was primarily attributable to increases in general salaries, incentive programs, medical plan insurance, and seasonal increases in payroll taxes, partially offset by decreased an outsized benefit related to the valuation of the Company's split-dollar BOLI policies recognized during the second quarter of 2024 as well as reduced commissions and equity compensation. expense over the first half of 2024 as compared to the first half of 2023.

- Occupancy and equipment expenses increased were relatively flat for the three months ended March 31, 2024, June 30, 2024 as compared to the same prior year period, and were higher for the first half of 2024 compared to the first half of 2023, driven primarily by one-time lease exit costs associated with acquired leased locations as well as and increased depreciation expense, partially offset by decreased utilities costs compared to the first quarter of 2023.

- Software and subscriptions increased primarily due to the Company's continued investment in its technology infrastructure. costs.

- FDIC assessment was flat for the second quarter of 2024 as compared to the same prior year quarter, and increased for the six months ended June 30, 2024 compared to the same prior year period due primarily due to an increase in the estimated FDIC special assessment recognized by the Company. Company during the first quarter of 2024.

- Debit card expense increased decreased for the three and six months ended June 30, 2024, due primarily to higher reduced processing fees driven by increased volume. costs.
- Consulting expense was relatively flat for the second quarter of 2024, as compared to the same prior year quarter, and decreased for the three six months ended March 31, 2024 June 30, 2024, as compared to the six months ended June 30, 2023, due primarily to the timing of strategic initiatives.
- Other noninterest expense was higher for the second quarter of 2024 compared to the same prior year quarter, driven primarily by software and subscriptions, examinations and audit fees, and communications expenses. Other noninterest expense decreased for the three six months ended March 31, 2024 June 30, 2024, as compared to the same prior year period, primarily due to decreases in recruitment expense, legal costs and examination and audit fees, contract labor, partially offset by increases in software and subscriptions, card issuance costs, internet banking, and customer fraud reimbursements. communication fees.

Income Taxes The tax effect of all income and expense transactions is recognized by the Company in each year's consolidated statements of income, regardless of the year in which the transactions are reported for income tax purposes. The following table sets forth information regarding the Company's tax provision and applicable tax rates for the periods indicated:

Table 15 16 - Tax Provision and Applicable Tax Rates

		Three Months Ended		Three Months Ended	Six Months Ended
		Three Months Ended			
		Three Months Ended			
		June 30		June 30	
		2024	2023	2024	2023
	(Dollars in thousands)		(Dollars in thousands)		
Combined federal and state income tax provision					
Effective income tax rate	Effective income tax rate	22.69 %	24.30 %	23.11 %	24.49 %
Effective income tax rate					
Effective income tax rate					
Blended statutory tax rate	Blended statutory tax rate	27.91 %	27.85 %	27.91 %	27.11 %
Blended statutory tax rate					
Blended statutory tax rate					

The Company's effective tax rate for the first second quarter of 2024 is lower as compared to the year ago period primarily due to lower pre-tax income as well as increased tax benefits from low income housing tax credits. The effective tax rates in the table above are lower than the blended statutory tax rates due to the impact of discrete items, including tax benefits related to low income housing tax credits and equity compensation, as well as certain tax preference assets such as life insurance policies, tax exempt bonds, and federal tax credits.

The Company invests in various low income housing projects, which are real estate limited partnerships that acquire, develop, own and operate low and moderate-income housing developments. As a limited partner in these operating partnerships, the Company will receive tax credits and tax deductions for losses incurred by the underlying properties. The investments are accounted for using the proportional amortization method and will be amortized over various periods through 2040, which represents the period that the tax credits and other tax benefits will be utilized. The total committed investment in these partnerships is $237.3 million $258.3 million, of which $176.8 million $185.7 million had been funded as of March 31, 2024 June 30, 2024. It is expected that the limited partnership investments will generate a net tax benefit of approximately $4.4 million $3.8 million for the fiscal year 2024 and a total of $34.9 million $37.3 million over the remaining life of the investments from the combination of the tax credits and operating losses.

Risk Management

The Board of Directors has approved an Enterprise Risk Management Policy and Risk Appetite Statement to state the Company's goals and objectives in identifying, measuring, and managing the risks associated with the Company's current and near future anticipated size and complexity. Management is responsible for comprehensive enterprise risk management, and continually strives to adopt and implement practices that strike an appropriate balance between risk and reward and permit the achievement of strategic goals in a controlled environment.

The Company has implemented the "three lines of defense" enterprise risk management framework. The first line of defense are the executives in charge of business units, operational areas, and corporate functions who, sometimes assisted by management committees, teams, and working groups, own and manage risks. The second line of defense monitors and provides risk management advice across all risk domains, and is comprised of the enterprise risk management department, with oversight from the Chief Risk Officer. The third line of defense is independent assurance performed by the Chief Internal Auditor, who reports to the Audit Committee of the Company's Board of Directors, and by the Company's internal audit department.

The Board of Directors, with the assistance of its Risk Committee, oversees management's enterprise risk management practices. As risks must be taken to create value, the Board of Directors has approved a Risk Appetite Statement that defines the acceptable residual risk tolerances for the Company and the nine major risk types identified as having the potential to create significant adverse impacts on the Company, such as financial losses, reputational damage, legal or regulatory actions, failure to achieve strategic objectives, diminished customer experience, and/or cultural erosion. The nine major risk categories identified by the Company and addressed in the Risk Appetite Statement are strategic and emerging risk, culture risk, credit risk, liquidity risk, market and interest rate risk, operational risk, reputation risk, compliance risk, and technology and cyber risk, each of which is discussed below.

Strategic and Emerging Risk Strategic and emerging risk is the risk arising from adverse strategic or business decisions, misalignment of strategic direction with the Company's mission and values, failure to execute strategies or tactics, or an inadequate adaptation or lack of responsiveness to industry and/or operating environment changes. Management seeks to mitigate strategic risk through strategic planning, frequent executive review of strategic plan progress, monitoring of competitors and technology, assessment of new products, new branches, and new business initiatives, customer advocacy, and crisis management planning.

Culture Risk Culture risk is the risk arising from failed leadership and/or ineffective colleague engagement and workplace management that causes the Company to lose sight of core values and, through acts or omissions, damage the

relationship-based culture that has been one of the foundations of the Company's consistent success. Management seeks to mitigate culture risk through effective employee relations, leadership that encourages continuous improvement, cultural development and reinforcement of core values, communication of clear ethical and behavioral standards, consistent enforcement of policies and programs, discipline of misbehavior, alignment of incentives and compensation, and by promoting diversity, equity, and inclusion.

Credit Risk Credit risk is the risk arising from the failure of a borrower or a counterparty to a contract to make payments as agreed, and includes the risks arising from inadequate collateral and mismanagement of loan concentrations. While the collateral securing loans may be sufficient in some cases to recover the amount due, in other cases the Company may experience significant credit losses that could have an adverse effect on its operating results. The Company makes assumptions and judgments about the collectability of its loan portfolio, including the creditworthiness of its borrowers and counterparties and the value of collateral for the repayment of loans. For further discussion regarding the credit risk and the credit quality of the Company's loan portfolio, see *Note 3, "Loans, Allowance for Credit Losses and Credit Quality"* within the Notes to Consolidated Financial Statements included in Part I. Item 1 of this Report**.**

Liquidity Risk Liquidity risk is the risk arising from the Company being unable to meet obligations when due. Liquidity risk includes the inability to access funding sources or manage fluctuations in available funding levels. Liquidity risk also results from a failure to recognize or address market condition changes that affect the ability to liquidate assets quickly with minimal value loss.

The Company's primary sources of funds are deposits, borrowings, and the amortization, prepayment, and maturities of loans and securities. The Bank utilizes its extensive branch network to access retail customers who provide a base of in-market core deposits. These funds are principally comprised of demand deposits, interest checking accounts, savings accounts, and money market accounts. Interest rates, economic conditions, and competitive factors greatly influence deposit levels.

The Company's primary measure of short-term liquidity is the Total Basic Surplus/Deficit as a percentage of assets. This ratio, which is an analysis of the relationship between liquid assets plus available FHLB funding, less short-term liabilities relative to total assets, was within policy limits at March 31, 2024 June 30, 2024. The Total Basic Surplus/Deficit measure is affected primarily by changes in deposits, securities and short-term investments, loans, and borrowings. An increase in deposits, without a corresponding increase in nonliquid assets, will improve the Total Basic Surplus/Deficit measure, whereas, an increase in loans, with no increase in deposits, will decrease the measure. Other factors affecting the Total Basic Surplus/Deficit include FHLB collateral requirements, securities portfolio changes, and the mix of deposits.

The Company prioritizes core deposits as a primary funding source and continues to maintain a variety of available liquidity sources, including FHLB advances, and Federal Reserve borrowing capacity. These funding sources serve as a contingent source of liquidity and, when profitable lending and investment opportunities exist, the Company may access them to provide the liquidity needed to grow the balance sheet. The amount and type of assets that the Company has available to pledge affects the Company's FHLB and Federal Reserve borrowing capacity. For example, a prime one-to-four family residential loan may provide 75 cents of borrowing capacity for every $1.00 pledged, whereas a pledged commercial loan may increase borrowing capacity in a lower amount. The Company's lending decisions, therefore, can also affect its liquidity position.

The Company may also have the ability to raise additional funds through the issuance of equity or unsecured debt privately or publicly and has done so in the past. Additionally, the Company is able to enter into repurchase agreements or acquire brokered deposits at its discretion. The availability and cost of equity or debt on an unsecured basis is dependent on many factors, including the Company's financial position, the market environment, and the Company's credit rating. The Company monitors the factors that could affect its ability to raise liquidity through these channels.

The following table depicts current and unused liquidity capacity from various sources as of the dates indicated:

Table 16 17 - Liquidity Sources

	March 31, 2024		December 31, 2023		June 30, 2024		December 31, 2023	
	Outstanding	Additional Borrowing Capacity	Outstanding	Additional Borrowing Capacity	Outstanding	Additional Borrowing Capacity	Outstanding	Additional Borrowing Capacity
	(Dollars in thousands)				(Dollars in thousands)			
Federal Home Loan Bank of Boston (1)								
Federal Reserve Bank of Boston (2)								
Unpledged Securities								
Line of Credit								
Junior subordinated debentures (3)								
Junior subordinated debentures (3)								
Junior subordinated debentures (3)								
Subordinated debt (3)								
Reciprocal deposits (3)								
Brokered deposits (3)								
	$							

(1) Loans and securities with a carrying value of $3.8 billion and $3.9 billion at both March 31, 2024 June 30, 2024 and December 31, 2023, respectively, were pledged to the FHLB of Boston.

(2) Loans and securities with a carrying value of $4.7 billion $4.9 billion at June 30, 2024, and loans with a carrying value of $4.6 billion at March 31, 2024 and December 31, 2023, respectively, were pledged to the Federal Reserve Bank of Boston. Boston at each respective period.

(3) The additional borrowing capacity has not been assessed for these categories.

In addition to customary operational liquidity practices, the Board of Directors and management recognize the need to establish reasonable guidelines to manage a heightened liquidity risk environment. Catalysts for elevated liquidity risk can be Company-specific issues and/or systemic industry-wide events. Management is therefore responsible for instituting systems and controls designed to provide advanced detection of potentially significant funding shortages, establishing methods for assessing and monitoring risk levels, and instituting responses that may alleviate or circumvent a potential liquidity crisis. Management has established a Liquidity Contingency Plan to provide a framework to detect potential liquidity problems and appropriately address them in a timely manner. In a period of perceived heightened liquidity risk, the Liquidity Contingency Plan provides for the establishment of a Liquidity Crisis Task Force to monitor the potential for a liquidity crisis and execute an appropriate response.

The Company continually monitors both on and off balance sheet liquidity sources to understand vulnerabilities and when adjustments to the balance between sources and uses of funds may be necessary. Management regularly performs various liquidity stress testing scenarios and other analyses to assess potential liquidity outflows or funding concerns resulting from economic or industry disruptions, volatility in the financial markets, or unforeseen credit events. The results of these scenarios are used to inform the Company's Liquidity Contingency Plan and help provide the basis for its liquidity needs.

Market and Interest Rate Risk Market risk refers to the risk of potential losses arising from changes in interest rates and the value of investments due to market conditions or other external factors or events. Interest rate risk is the most significant market risk to which the Company has exposure to due to the nature of its operations.

Interest rate risk is the sensitivity of income to changes in interest rates. Interest rate changes, as well as fluctuations in the level and duration of assets and liabilities, affect net interest income, which is the Company’s primary source of revenue. Interest rate risk arises directly from the Company’s core banking activities. In addition to directly affecting net interest income, changes in the level of interest rates can also affect the amount of loans originated, the timing of cash flows on loans and securities, and the fair value of securities and derivatives, and have other effects.

Management strives to control interest rate risk within limits approved by the Board of Directors that reflect the Company’s tolerance for interest rate risk over short-term and long-term horizons. The Company attempts to manage interest rate risk by identifying, quantifying, and, where appropriate, hedging exposure. If assets and liabilities do not re-price simultaneously and in equal volume, the potential for interest rate exposure exists. It is the Company's objective to maintain stability in the growth of net interest income through the maintenance of an appropriate mix of interest-earning assets and interest-bearing liabilities and, when necessary within limits management deems prudent, with hedging instruments such as interest rate swaps, floors, and caps.

The Company quantifies its interest rate exposures using net interest income simulation models, as well as simpler gap analysis, and an Economic Value of Equity analysis. Key assumptions in these analyses relate to behavior of interest rates and behavior of the Company’s deposit and loan customers. The most material assumptions relate to the prepayment of mortgage assets (including mortgage loans and mortgage-backed securities) and the life and sensitivity of non-maturity deposits (*e.g.*, demand deposit, savings, and money market accounts). In the case of prepayment of mortgage assets, assumptions are derived from published median prepayment estimates for comparable mortgage loans. The risk of prepayment tends to increase when interest rates fall. Since future prepayment behavior of loan customers is uncertain, interest rate sensitivity of loans cannot be determined with precision and actual behavior may differ from assumptions to a significant degree. Non-maturity deposits, assumptions over customer behavior, shifts in deposits categories, and magnitude of impact to the cost of deposits all may differ from what is currently anticipated by the models or analyses.

Given the volatility associated with market rates, and the uncertainty surrounding future rate movements, management has been proactive in achieving a more neutral interest rate risk position as compared to the prior year. In 2023, management continued to increase the duration of its assets by marginally increasing exposure to fixed rate loans while deposit attrition reduced the amount of rate sensitive cash on hand at the Federal Reserve Bank. The Company runs several scenarios to quantify and effectively assist in managing interest rate risk, including instantaneous parallel shifts in market rates as well as gradual (12-24 months) shifts in market rates, and may also include other alternative scenarios as management deems necessary given the interest rate environment. The results of those scenarios are summarized in the following table:

Table 17 18 - Interest Rate Sensitivity

		March 31				June 30
		2024	2023		2024	2023
						Year 1
Parallel rate shocks (basis points)						
-300						
-300						
-300		(3.3) %	(6.3) %		(4.1) %	(3.5) %
-200	-200	(1.4) %	(3.7) %	-200	(1.9) %	(2.0) %
-100	-100	(0.3) %	(1.7) %	-100	(0.5) %	(0.9) %
+100	+100	— %	0.8 %	+100	0.2 %	0.3 %
+200	+200	(0.2) %	1.4 %	+200	0.3 %	0.3 %
+300	+300	(0.2) %	2.3 %	+300	0.6 %	0.8 %
+400	+400	(0.1) %	3.3 %	+400	0.9 %	1.3 %
Gradual rate shifts (basis points)						
Gradual rate shifts (basis points)						
Gradual rate shifts (basis points)						
-200 over 12 months						
-200 over 12 months						
-200 over 12 months		0.1 %	(1.5) %		(0.5) %	(1.0) %
-100 over 12 months	-100 over 12 months	0.1 %	(0.7) %	-100 over 12 months	(0.2) %	(0.4) %
+200 over 12 months	+200 over 12 months	(0.4) %	0.7 %	+200 over 12 months	0.2 %	0.4 %
+400 over 24 months	+400 over 24 months	n/a	0.7 %	+400 over 24 months	n/a	0.4 %

The results depicted in the table above are dependent on material assumptions, such as prepayment rates, decay rates, pricing decisions on loans and deposits, and other factors, which management believes are reasonable. These assumptions may be impacted by customer preferences or competitive influences and therefore actual experience may differ from the assumptions in the model. Accordingly, although the tables provide an indication of the Company's interest rate risk exposure at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates, and actual results may differ.

The most significant market factors affecting the Company's net interest income during the three months ended March 31, 2024June 30, 2024 were the shape of the U.S. Government securities and interest rate swap yield curve, the U.S. prime interest rate, the secured overnight financing rate, ("SOFR"), and other interest rates offered on long-term fixed rate loans.

The Company manages the interest rate risk inherent in both its loan and borrowing portfolios by using interest rate swap agreements and interest rate caps and floors. An interest rate swap is an agreement in which one party agrees to pay a floating rate of interest on a notional principal amount in exchange for receiving a fixed rate of interest on the same notional amount for a predetermined period from the other party. Interest rate caps and floors are agreements where one party agrees to pay a floating rate of interest on a notional principal amount for a predetermined period to a second party if certain market interest rate thresholds are realized. While interest is paid or received in swap, cap, and floors agreements, the notional principal amount is not exchanged. The Company may also manage the interest rate risk inherent in its mortgage banking operations by entering into forward sales contracts under which the Company agrees to deliver whole mortgage loans to various investors. See *Note 6, 5,* "*Derivative and Hedging Activities*" within the Notes to Consolidated Financial Statements included in Part I. Item 1 of this Report for additional information regarding the Company's derivative financial instruments.

Movements in foreign currency rates or commodity prices do not directly or materially affect the Company's earnings. Movements in equity prices may have a modest impact on earnings by affecting the volume of activity or the amount of fees from investment-related business lines. See *Note 2, "Securities"* within the Notes to Consolidated Financial Statements included in Part I. Item 1 of this Report.

Operational Risk Operational risk is the risk arising from human error or misconduct, transaction errors or delays, inadequate or failed internal systems or processes, data unavailability, loss, or poor quality, or adverse external events. Operational risk includes fraud risk and model risk. Potential operational risk exposure exists throughout the Company. The continued effectiveness of colleagues and operational infrastructure are integral to mitigating operational risk, and any shortcomings subject the Company to risks that vary in size, scale and scope.

Reputation Risk Reputation risk is the risk arising from negative public opinion of the Company and the Bank. Management seeks to mitigate reputational risk through actions that include a structured process of customer complaint resolution and ongoing reputational monitoring.

Regulatory and Compliance Risk Regulatory and Compliance risk is the risk arising from violations of laws or regulations, non-conformance with prescribed practices, internal bank policies and procedures, or ethical standards. Compliance risk includes consumer compliance risk, legal risk, and regulatory compliance risk. Management seeks to mitigate compliance risk through compliance training and regulatory change management processes.

Technology and Cyber Risk Technology and Cyber risk is the risk of losses or other impacts arising from the failure of technology systems to function in accordance with expectations and business requirements. Technology risks include technical failures, unlawful tampering with technical systems, cyber security, terrorist activities, ineffectiveness or exposure due to interruption in third party support. Management seeks to mitigate technology risk through appropriate security and controls over data and its technological environment. The Bank manages cybersecurity threats proactively and maintains robust controls to protect its critical systems and data by investing in secure, reliable and resilient technology infrastructure, fostering a culture of technology risk awareness and continuously improving its technology risk management practices.

Contractual Obligations, Commitments, Contingencies, and Off-Balance Sheet Financial Information

Off-Balance Sheet Arrangements There were no material changes in off-balance sheet arrangements during the three months ended March 31, 2024 June 30, 2024.

See *Note 6, "Derivative 5, “Derivative and Hedging Activities" Activities”* and *Note 10, "Commitments 9, “Commitments and Contingencies" Contingencies” within* the Notes to Consolidated Financial Statements included in Part I. Item 1 of this Report for more information relating to the Company's other off-balance sheet financial instruments.

Contractual Obligations, Commitments, and Contingencies There were no material changes in contractual obligations, commitments, or contingencies during the three months ended March 31, 2024 June 30, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information required by this Item 3 is included in the "Risk Management" “Risk Management” section of Part I. Item 2 "Management's “Management's Discussion and Analysis of Financial Condition and Results of Operations" Operations” of this Report and is incorporated herein by reference.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures. The Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer along with the Company’s Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, the Company’s Chief Executive Officer along with the Company’s Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

Changes in Internal Control over Financial Reporting. There were no changes in the Company's internal control over financial reporting that occurred during the first second quarter of 2024 that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

At March 31, 2024 June 30, 2024, the Bank was involved in pending lawsuits that arose in the ordinary course of business. Management has reviewed these pending lawsuits with legal counsel and has taken into consideration the view of counsel as to their outcome. In the opinion of management, the final disposition of pending lawsuits is not expected to have a material adverse effect on the Company’s financial position or results of operations.

Item 1A. Risk Factors

The section titled *Risk Factors* in Part I, Item 1A of the 2023 Form 10-K, includes a discussion of the material risks and uncertainties the Company faces, any one or more of which could have a material adverse effect on the Company's business, results of operations, or financial condition (including capital and liquidity). As of the date of this Report, there have been no material changes with regard to the Risk Factors disclosed in Item 1A of the 2023 Form 10-K which are incorporated herein by reference.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not applicable.

(b) Not applicable.

(c) The following table sets forth information regarding the Company's repurchases of its common stock during the three months ended March 31, 2024 June 30, 2024:

	Issuer Purchases of Equity Securities			
Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Maximum Number of Shares (or Approximate Dollar Value) That May Yet Be Purchased Under the Plan or Program (3)
January 1 to January 31, 2024	372,900	$ 59.59	372,900	$ 8,820,096
February 1 to February 29, 2024	171,477	$ 54.88	159,366	$ —
March 1 to March 31, 2024	2,955	$ 49.44	—	$ —
Total	547,332	$ 58.06	532,266	

	Issuer Purchases of Equity Securities			
Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Maximum Number of Shares (or Approximate Dollar Value) That May Yet Be Purchased Under the Plan or Program
April 1 to April 30, 2024	47	$ 48.49	—	$ —
May 1 to May 31, 2024	—	$ —	—	$ —
June 1 to June 30, 2024	—	$ —	—	$ —
Total	47	$ 48.49	—	

(1) Of these shares, 12,111 shares and 2,955 These shares were surrendered in February 2024 and March 2024, respectively, in connection with the vesting of equity compensation grants to satisfy related tax withholding obligations.

(2) During the three months ended March 31, 2024, the average price per share of repurchased shares was $58.22 and the average price per share of surrendered shares related to tax withholding obligations was $52.50.

(3) On October 19, 2023, the Company announced a stock buyback plan which authorized repurchases by the Company of up to $100 million in common stock. Repurchases under the plan were made from time to time on the open market and in privately negotiated transactions, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Exchange Act. The 532,266 shares repurchased under the program during the three months ended March 31, 2024 represented full completion of the program.

Item 3. Defaults Upon Senior Securities - None.

Item 4. Mine Safety Disclosures - Not Applicable.

Item 5. Other Information

(a) None

(b) None

(c) Insider Rule 10b5-1 Trading Plans. During the quarter ended March 31, 2024 June 30, 2024, none of our directors or executive officers adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit Index

No.	Exhibit
31.1	Section 302 Certification of Sarbanes-Oxley Act of 2002 is attached hereto.*
31.2	Section 302 Certification of Sarbanes-Oxley Act of 2002 is attached hereto.*
32.1	Section 906 Certification of Sarbanes-Oxley Act of 2002 is attached hereto.+
32.2	Section 906 Certification of Sarbanes-Oxley Act of 2002 is attached hereto.+
101	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.*
104	Cover page interactive data file (formatted as inline XBRL and contained in Exhibit 101).*

* Filed herewith

\+ Furnished herewith

\# Management contract or compensatory plan or arrangement

SIGNATURES

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

INDEPENDENT BANK CORP.
(registrant)

May 8, August 6, 2024	/s/ Jeffrey J. Tengel Jeffrey J. Tengel President and Chief Executive Officer (Principal Executive Officer)
May 8, August 6, 2024	/s/ Mark J. Ruggiero Mark J. Ruggiero Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey J. Tengel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Independent Bank Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024 August 6, 2024

/s/ JEFFREY J. TENGEL

Jeffrey J. Tengel

Chief Executive Officer/President

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark J. Ruggiero, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Independent Bank Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024 August 6, 2024

/s/ MARK J. RUGGIERO

Mark J. Ruggiero
Chief Financial Officer

Exhibit 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Independent Bank Corp. (the “Company”) on Form 10-Q for the period ended March 31, 2024 June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certifies, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the undersigned’s best knowledge and belief:

(a) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 8, 2024 August 6, 2024

Independent Bank Corp.
(“Company”)

/s/ JEFFREY J. TENGEL

Jeffrey J. Tengel
Chief Executive Officer/President

A signed original of this written statement required by Section 906 has been provided to Independent Bank Corp. and will be retained by Independent Bank Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Independent Bank Corp. (the “Company”) on Form 10-Q for the period ended March 31, 2024 June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certifies, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the undersigned’s best knowledge and belief:

(a) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 8, 2024 August 6, 2024

Independent Bank Corp.
(“Company”)

/s/ MARK J. RUGGIERO

Mark J. Ruggiero
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Independent Bank Corp. and will be retained by Independent Bank Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

DISCLAIMER

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