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DELTA REPORT

10-Q

INDB - INDEPENDENT BANK CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1297
CHANGES	343
DELETIONS	445
ADDITIONS	509

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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 September 30, 2023 March 31, 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

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 November 1, 2023 May 6, 2024, there were 43,853,307 42,465,754 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)

		September 30 2023	December 31 2022		
	March 31 2024			March 31 2024	December 31 2023
Assets					
Cash and due from banks	Cash and due from banks	$ 176,930	$ 175,843		
Interest-earning deposits with banks	Interest-earning deposits with banks	43,198	177,090		
Securities	Securities				
Trading	Trading	4,476	3,888		
Trading					
Trading					
Equity	Equity	21,475	21,119		
Available for sale (amortized cost $1,524,555 and $1,566,779)		1,353,744	1,399,154		
Held to maturity (fair value $1,384,430 and $1,524,710)		1,594,279	1,705,120		
Available for sale (amortized cost $1,402,389 and $1,459,862)					
Held to maturity (fair value $1,383,621 and $1,417,608)					

Total securities	Total securities	2,973,974	3,129,281
Loans held for sale (at fair value)	Loans held for sale (at fair value)	3,998	2,803
Loans	Loans		
Commercial and industrial Commercial and industrial			
Commercial and industrial	Commercial and industrial	1,653,003	1,635,103
Commercial real estate	Commercial real estate	7,896,230	7,760,230
Commercial construction	Commercial construction	965,442	1,154,413
Small business	Small business	245,335	219,102
Residential real estate	Residential real estate	2,338,102	2,035,524
Home equity - first position	Home equity - first position	529,938	566,166
Home equity - subordinate positions	Home equity - subordinate positions	565,617	522,584
Other consumer	Other consumer	30,568	35,553
Total loans	Total loans	14,224,235	13,928,675
Less: allowance for credit losses	Less: allowance for credit losses	(140,569)	(152,419)
Net loans	Net loans	14,083,666	13,776,256
Federal Home Loan Bank stock	Federal Home Loan Bank stock	43,878	5,218
Bank premises and equipment, net	Bank premises and equipment, net	191,560	196,504
Goodwill	Goodwill	985,072	985,072
Other intangible assets	Other intangible assets	19,825	25,068
Cash surrender value of life insurance policies	Cash surrender value of life insurance policies	295,670	293,323
Other assets	Other assets	550,338	527,716
Other assets Other assets			
Total assets	Total assets	$19,368,109	$19,294,174

Liabilities and Stockholders' Equity

Deposits	Deposits		
Noninterest-bearing demand deposits			
Noninterest-bearing demand deposits			
Noninterest-bearing demand deposits	Noninterest-bearing demand deposits	$ 4,796,148	$ 5,441,584
Savings and interest checking accounts	Savings and interest checking accounts	5,398,322	5,898,009
Money market	Money market	2,852,293	3,343,673
Time certificates of deposit	Time certificates of deposit	2,012,763	1,195,741
Total deposits	Total deposits	15,059,526	15,879,007
Borrowings	Borrowings		
Federal Home Loan Bank borrowings	Federal Home Loan Bank borrowings	887,548	637
Federal Home Loan Bank borrowings			
Federal Home Loan Bank borrowings			
Junior subordinated debentures (less unamortized debt issuance costs of $31 and $33)		62,857	62,855
Junior subordinated debentures (less unamortized debt issuance costs of $30 and $30)			
Junior subordinated debentures (less unamortized debt issuance costs of $30 and $30)			
Junior subordinated debentures (less unamortized debt issuance costs of $30 and $30)			

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Subordinated debentures (less unamortized debt issuance costs of $43 and $115)		49,957	49,885
Subordinated debentures (less unamortized debt issuance costs of $20)			
Total borrowings	Total borrowings	1,000,362	113,377
Other liabilities	Other liabilities	422,813	415,089
Total liabilities	Total liabilities	16,482,701	16,407,473

Commitments and contingencies	Commitments and contingencies	—	—
Stockholders' equity	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	—	—
Common stock, $0.01 par value, authorized: 75,000,000 shares, issued and outstanding: 44,141,973 shares at September 30, 2023 and 45,641,238 shares at December 31, 2022 (includes 162,464 and 135,712 shares of unvested participating restricted stock awards, respectively)		440	455
Value of shares held in rabbi trust at cost: 81,943 shares at September 30, 2023 and 80,965 shares at December 31, 2022		(3,335)	(3,227)
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			
Deferred compensation and other retirement benefit obligations	Deferred compensation and other retirement benefit obligations	3,335	3,227
Additional paid in capital	Additional paid in capital	1,999,448	2,114,888
Retained earnings	Retained earnings	1,046,266	934,442
Accumulated other comprehensive loss, net of tax	Accumulated other comprehensive loss, net of tax	(160,746)	(163,084)
Total stockholders' equity	Total stockholders' equity	2,885,408	2,886,701
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$ 19,368,109	$ 19,294,174

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

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
Consulting expense
Consulting expense
Consulting expense
Software and subscriptions
Software and subscriptions
Software and subscriptions
Debit card expense
Debit card expense
Debit card expense
Amortization of intangible assets
Amortization of intangible assets

Amortization of intangible assets

FDIC assessment

FDIC assessment

FDIC assessment

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Interest income				
Interest and fees on loans	$ 187,145	$ 150,157	$ 537,830	$ 413,770
Taxable interest and dividends on securities	14,817	13,243	45,707	34,567
Nontaxable interest and dividends on securities	1	1	4	4
Interest on loans held for sale	60	51	133	150
Interest on federal funds sold and short-term investments	905	6,519	4,882	10,222
Total interest and dividend income	202,928	169,971	588,556	458,713
Interest expense				
Interest on deposits	40,713	6,109	95,297	10,327
Interest on borrowings	12,335	1,261	31,835	3,492
Total interest expense	53,048	7,370	127,132	13,819
Net interest income	149,880	162,601	461,424	444,894
Provision for credit losses	5,500	3,000	17,750	1,000
Net interest income after provision for credit losses	144,380	159,601	443,674	443,894
Noninterest income				
Deposit account fees	5,936	6,261	17,360	17,582
Interchange and ATM fees	4,808	4,331	13,470	11,967
Investment management	10,246	8,436	30,373	26,438
Mortgage banking income	739	585	1,717	2,989
Increase in cash surrender value of life insurance policies	1,983	1,883	5,777	5,549
Gain on life insurance benefits	1,924	477	2,111	600
Loan level derivative income	842	471	2,525	1,511
Other noninterest expenses				
Other noninterest income	7,065	5,751	19,209	15,729
Total noninterest income	33,543	28,195	92,542	82,365
Noninterest expenses				
Salaries and employee benefits	54,797	52,708	165,747	150,957
Occupancy and equipment expenses	12,321	12,316	37,528	37,255
Data processing and facilities management	2,404	2,259	7,461	6,878
Consulting expense	2,753	2,547	6,765	7,057
Software maintenance	3,324	2,497	9,407	7,706
Debit card expense	2,319	1,936	6,707	5,562
Amortization of intangible assets	1,712	1,898	5,243	5,801
FDIC assessment	2,727	1,677	8,011	5,225
Merger and acquisition expense	—	—	—	7,100
Other noninterest expenses				
Other noninterest expenses / Other noninterest expenses	15,425	14,890	45,129	45,249
Total noninterest expenses / Total noninterest expenses	97,782	92,728	291,998	278,790

Total noninterest expenses

Total noninterest expenses

Income before income taxes					
Income before income taxes					
Income before income taxes	Income before income taxes	80,141	95,068	244,218	247,469
Provision for income taxes	Provision for income taxes	19,333	23,171	59,519	60,699
Provision for income taxes					
Provision for income taxes					
Net income					
Net income					
Net income	Net income	$ 60,808	$ 71,897	$ 184,699	$ 186,770
Basic earnings per share	Basic earnings per share	$ 1.38	$ 1.57	$ 4.16	$ 4.01
Basic earnings per share					
Basic earnings per share					
Diluted earnings per share					
Diluted earnings per share					
Diluted earnings per share	Diluted earnings per share	$ 1.38	$ 1.57	$ 4.16	$ 4.00
Weighted average common shares (basic)	Weighted average common shares (basic)	44,135,487	45,839,555	44,419,731	46,618,209
Weighted average common shares (basic)					
Weighted average common shares (basic)					
Common share equivalents					
Common share equivalents					
Common share equivalents	Common share equivalents	11,417	16,856	12,851	17,221
Weighted average common shares (diluted)	Weighted average common shares (diluted)	44,146,904	45,856,411	44,432,582	46,635,430
Weighted average common shares (diluted)					
Weighted average common shares (diluted)					
Cash dividends declared per common share	Cash dividends declared per common share	$ 0.55	$ 0.51	$ 1.65	$ 1.53
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 September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
	March 31			
	March 31			
	March 31			
Net income				

Net income					
Net income	Net income	$ 60,808	$ 71,897	$ 184,699	$ 186,770
Other comprehensive (loss) income, net of tax	Other comprehensive (loss) income, net of tax				
Other comprehensive (loss) income, net of tax					
Other comprehensive (loss) income, 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 securities available for sale	(7,921)	(42,582)	(2,304)	(128,872)
Net change in fair value of cash flow hedges	Net change in fair value of cash flow hedges	202	(27,144)	4,917	(52,743)
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	Net change in other comprehensive income for defined benefit postretirement plans	(92)	121	(275)	363
Total other comprehensive (loss) income	Total other comprehensive (loss) income	(7,811)	(69,605)	2,338	(181,252)
Total other comprehensive (loss) income					
Total other comprehensive (loss) income					
Total comprehensive income	Total comprehensive income	$ 52,997	$ 2,292	$ 187,037	$ 5,518
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 September 30, 2023 March 31, 2024 and 2022
(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 Loss	Total
Balance June 30, 2023	44,130,901	$ 440	$ (3,289)	$ 3,289	$ 1,997,674	$ 1,009,735	$ (152,935)	$ 2,854,914
Net income	—	—	—	—	—	60,808	—	60,808
Other comprehensive loss	—	—	—	—	—	—	(7,811)	(7,811)
Common dividend declared ($0.55 per share)	—	—	—	—	—	(24,277)	—	(24,277)
Proceeds from exercise of stock options, net of cash paid	1,572	—	—	—	1	—	—	1
Stock based compensation	—	—	—	—	1,128	—	—	1,128
Restricted stock awards issued, net of awards surrendered	(4,838)	—	—	—	(26)	—	—	(26)

	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
Shares issued under direct stock purchase plan	14,338	—	—	—	671	—	—	671
Deferred compensation and other retirement benefit obligations	—	—	(46)	46	—	—	—	—
Balance September 30, 2023	44,141,973	$ 440	$ (3,335)	$ 3,335	$ 1,999,448	$ 1,046,266	$ (160,746)	$ 2,885,408
Balance June 30, 2022	46,069,761	$ 459	$ (3,196)	$ 3,196	$ 2,146,333	$ 833,857	$ (109,464)	$ 2,871,185
Net income	—	—	—	—	—	71,897	—	71,897
Other comprehensive loss	—	—	—	—	—	—	(69,605)	(69,605)
Common dividend declared ($0.51 per share)	—	—	—	—	—	(23,251)	—	(23,251)
Stock based compensation	—	—	—	—	1,017	—	—	1,017
Restricted stock awards issued, net of awards surrendered	296	—	—	—	—	—	—	—
Shares issued under direct stock purchase plan	7,541	—	—	—	606	—	—	606
Shares repurchased under share repurchase program	(442,972)	(5)			(34,643)			(34,648)
Deferred compensation and other retirement benefit obligations	—	—	(43)	43	—	—	—	—
Balance September 30, 2022	45,634,626	$ 454	$ (3,239)	$ 3,239	$ 2,113,313	$ 882,503	$ (179,069)	$ 2,817,201

INDEPENDENT BANK CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY
Nine Months Ended September 30, 2023 and 2022 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	Accum Oth Compre Income
Balance December 31, 2023								
Net income								
Net income								
Net income								
Other comprehensive loss								
Common dividend declared ($0.57 per share)								

	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
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 December 31, 2022	Balance December 31, 2022	45,641,238	$ 455	$ (3,227)	$ 3,227	$ 2,114,888	$ 934,442	$ (163,084)	$ 2,886,701
Balance December 31, 2022									
Balance December 31, 2022									
Net income									
Net income									
Net income	Net income	—	—	—	—	—	184,699	—	184,699
Other comprehensive income	Other comprehensive income	—	—	—	—	—	—	2,338	2,338
Common dividend declared ($1.65 per share)		—	—	—	—	—	(72,875)	—	(72,875)
Common dividend declared ($0.55 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	Proceeds from exercise of stock options, net of cash paid	3,238	—	—	—	81	—	—	81
Stock based compensation	Stock based compensation	—	—	—	—	4,721	—	—	4,721
Restricted stock awards issued, net of awards surrendered	Restricted stock awards issued, net of awards surrendered	81,721	1	—	—	(1,137)	—	—	(1,136)

Shares issued under direct stock purchase plan Shares issued under direct stock purchase plan	32,809	—	—	—	1,990	—	—	1,990
Shares repurchased under share repurchase program (1) Shares repurchased under share repurchase program (1)	(1,617,033)	(16)	—	—	(121,095)	—	—	(121,111)
Deferred compensation and other retirement benefit obligations Deferred compensation and other retirement benefit obligations	—	—	(108)	108	—	—	—	—
Balance September 30, 2023	44,141,973	$ 440	$ (3,335)	$ 3,335	$ 1,999,448	$ 1,046,266	$ (160,746)	$ 2,885,408
Balance December 31, 2021	47,349,778	$ 472	$ (3,146)	$ 3,146	$ 2,249,078	$ 766,716	$ 2,183	$ 3,018,449
Net income	—	—	—	—	—	186,770	—	186,770
Other comprehensive loss	—	—	—	—	—	—	(181,252)	(181,252)
Common dividend declared ($1.53 per share)	—	—	—	—	—	(70,983)	—	(70,983)
Stock based compensation	—	—	—	—	3,483	—	—	3,483
Restricted stock awards issued, net of awards surrendered	50,096	—	—	—	(1,085)	—	—	(1,085)
Shares issued under direct stock purchase plan	21,717	—	—	—	1,765	—	—	1,765
Shares repurchased under share repurchase program	(1,786,965)	(18)	—	—	(139,928)	—	—	(139,946)
Deferred compensation and other retirement benefit obligations	—	—	(93)	93	—	—	—	—
Balance September 30, 2022	45,634,626	$ 454	$ (3,239)	$ 3,239	$ 2,113,313	$ 882,503	$ (179,069)	$ 2,817,201
Balance March 31, 2023								

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

		Nine Months Ended September 30		Three Months Ended	
		2023	2022		
	March 31 2024				March 31
				2024	2023
Cash flow from operating activities	Cash flow from operating activities				
Net income	Net income	$ 184,699	$ 186,770		
Net income					
Net income					

Adjustments to reconcile net income to net cash provided by operating activities	Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization			
Depreciation and amortization			
Depreciation and amortization	Depreciation and amortization	27,575	29,528
Change in unamortized net loan costs and fees	Change in unamortized net loan costs and fees	(1,199)	(6,397)
Accretion of acquired loans	Accretion of acquired loans	(1,057)	(65)
Provision for credit losses	Provision for credit losses	17,750	1,000
Deferred income tax expense	Deferred income tax expense	13	271
Net (gain) loss on equity securities		(272)	2,819
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	Net loss on bank premises and equipment	304	217
Realized gain on sale leaseback transaction	Realized gain on sale leaseback transaction	(193)	(433)
Realized gain on sale leaseback transaction			
Realized gain on sale leaseback transaction			
Stock based compensation	Stock based compensation	4,721	3,483
Increase in cash surrender value of life insurance policies	Increase in cash surrender value of life insurance policies	(5,786)	(5,549)
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	(2,111)	(600)

Operating lease payments	Operating lease payments	(10,381)	(15,867)
Operating lease termination payments			
Change in fair value on loans held for sale	Change in fair value on loans held for sale	31	620
Net change in:	Net change in:		
Trading assets	Trading assets	(588)	182
Trading assets			
Trading assets			
Loans held for sale			
Loans held for sale			
Loans held for sale	Loans held for sale	(1,226)	18,959
Other assets	Other assets	(2,317)	32,252
Other liabilities	Other liabilities	13,526	58,669
Total adjustments	Total adjustments	38,790	119,089
Net cash provided by operating activities	Net cash provided by operating activities	223,489	305,859
Cash flows used in investing activities			
Proceeds from sales of equity securities		—	30
Cash flows provided by (used in) investing activities			
Purchases of equity securities			
Purchases of equity securities			
Purchases of equity securities	Purchases of equity securities	(440)	(471)
Proceeds from maturities and principal repayments of securities available for sale	Proceeds from maturities and principal repayments of securities available for sale	42,087	100,790
Purchases of securities available for sale		—	(123,289)
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	114,698	132,997
Purchases of securities held to maturity		—	(763,987)
Net (purchases) redemptions of Federal Home Loan Bank stock		(38,660)	6,189
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			
Investments in low income housing projects	Investments in low income housing projects	(20,086)	(14,896)
Purchases of life insurance policies	Purchases of life insurance policies	(114)	(115)
Proceeds from life insurance policies		3,934	2,273
Net increase in loans			
Net increase in loans			
Net increase in loans	Net increase in loans	(322,904)	(107,211)
Purchases of bank premises and equipment			
Purchases of bank premises and equipment			
Purchases of bank premises and equipment	Purchases of bank premises and equipment	(9,541)	(18,019)
Proceeds from the sale of bank premises and equipment	Proceeds from the sale of bank premises and equipment	104	1,228
Net cash used in investing activities		(230,922)	(784,481)
Cash flows used in financing activities			
Net increase (decrease) in time deposits		816,896	(351,458)
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			
Net increase in time deposits			
Net increase in time deposits			
Net increase in time deposits			
Net decrease in other deposits	Net decrease in other deposits	(1,636,503)	(225,519)
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 advances from (repayments of) short-term Federal Home Loan Bank borrowings		887,000	(25,000)
Repayments of long-term debt, net of issuance costs		—	(14,063)
Net proceeds from exercise of stock options		80	—
Restricted stock awards issued, net of awards surrendered	Restricted stock awards issued, net of awards surrendered	(1,143)	(1,085)
Proceeds from shares issued under direct stock purchase plan	Proceeds from shares issued under direct stock purchase plan	1,977	1,765
Payments for shares repurchased under share repurchase program	Payments for shares repurchased under share repurchase program	(119,951)	(139,946)
Common dividends paid	Common dividends paid	(73,728)	(70,460)
Net cash used in financing activities		(125,372)	(825,766)
Net decrease in cash and cash equivalents		(132,805)	(1,304,388)
Net cash (used in) provided by financing activities			
Net (decrease) increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year	Cash and cash equivalents at beginning of year	352,933	2,240,684

Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	$ 220,128	$ 936,296
Supplemental schedule of noncash investing and financing activities	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	$ 15,718	$ 4,408
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	Recognition of operating lease at commencement and/or at extension	$ 5,747	$ 14,124

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") 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 nine three months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 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, 2022 December 31, 2023, filed with the Securities and Exchange Commission (the "2022 "2023 Form 10-K").

NOTE 2 - SECURITIES

Trading Securities

The Company had trading securities of $4.5 million $4.8 million and $3.9 million $5.0 million as of September 30, 2023 March 31, 2024 and December 31, 2022 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 $21.5 million $22.9 million and $21.1 million $22.5 million as of September 30, 2023 March 31, 2024 and December 31, 2022 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 September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
	Dollars in thousands			

Net (losses) gains recognized during the period on equity securities	$ (363)	$ (742)	272	(2,819)
Less: net (losses) gains recognized during the period on equity securities sold during the period	(34)	—	(33)	8
Unrealized (losses) gains recognized during the reporting period on equity securities still held at the reporting date	$ (329)	$ (742)	$ 305	$ (2,827)

	Three Months Ended March 31	
	2024	2023
	Dollars in thousands	
Net gains recognized during the period on equity securities	$ 609	$ 368
Less: net gains recognized during the period on equity securities sold during the period	435	1
Unrealized gains recognized during the reporting period on equity securities still held at the reporting date	$ 174	$ 367

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) as of at the dates indicated:

		September 30, 2023					December 31, 2022				
		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)									
U.S. government agency securities	U.S. government agency securities	$ 230,387	$ —	$ (30,877)	$ —	$ 199,510	$ 230,936	$ —	$ (28,636)	$ —	$ 202,300
U.S. government agency securities											
U.S. government agency securities											
U.S. treasury securities	U.S. treasury securities	874,463	—	(75,576)	—	798,887	874,035	—	(82,694)	—	791,341
Agency mortgage-backed securities	Agency mortgage-backed securities	326,318	2	(51,612)	—	274,708	359,068	54	(45,434)	—	313,688
Agency collateralized mortgage obligations	Agency collateralized mortgage obligations	37,159	—	(3,510)	—	33,649	41,874	—	(3,031)	—	38,843
State, county, and municipal securities	State, county, and municipal securities	194	—	(10)	—	184	193	—	(2)	—	191
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											

March 31, 2024					December 31, 2023	
Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for credit losses	Fair Value	Amortized Cost	Gross Unrealiz Gains
(Dollars in thousands)						

Pooled trust preferred securities issued by banks and insurers	Pooled trust preferred securities issued by banks and insurers	1,204	—	(161)	—	1,043	1,203	—	(169)	—	1,034
Small business administration pooled securities	Small business administration pooled securities	54,830	—	(9,067)	—	45,763	59,470	—	(7,713)	—	51,757
Total available for sale securities	Total available for sale securities	$1,524,555	$ 2	$(170,813)	$ —	$1,353,744	$1,566,779	$ 54	$(167,679)	$ —	$1,399,154

Excluded from the table above is accrued interest on available for sale securities of $3.9 million $3.8 million and $3.6 million $3.4 million at September 30, 2023 March 31, 2024 and December 31, 2022 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 nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. Furthermore, no securities held by the Company were delinquent on contractual payments nor were any securities placed on non-accrual status at September 30, 2023 March 31, 2024 and December 31, 2022 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 nine months ended September 30, 2023 March 31, 2024 and 2022, 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:

		September 30, 2023							March 31, 2024				
			Less than 12 months		12 months or longer		Total			Less than 12 months		12 months or longer	
		# of holdings	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	# of holdings	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
		(Dollars in thousands)							(Dollars in thousands)				
U.S. government agency securities	U.S. government agency securities	9	$ —	$ —	$ 199,509	$ (30,877)	$ 199,509	$ (30,877)					
U.S. treasury securities	U.S. treasury securities	18	—	—	798,887	(75,576)	798,887	(75,576)					
Agency mortgage-backed securities	Agency mortgage-backed securities	133	3,182	(67)	271,047	(51,545)	274,229	(51,612)					
Agency collateralized mortgage obligations	Agency collateralized mortgage obligations	13	2,530	(35)	31,119	(3,475)	33,649	(3,510)					
State, county, and municipal securities	State, county, and municipal securities	1	184	(10)	—	—	184	(10)					
Pooled trust preferred securities issued by banks and insurers	Pooled trust preferred securities issued by banks and insurers	1	—	—	1,043	(161)	1,043	(161)					

Pooled trust preferred securities issued by banks and insurers

Pooled trust preferred securities issued by banks and insurers

	# of holdings	Less than 12 months Fair Value	Less than 12 months Unrealized Losses	12 months or longer Fair Value	12 months or longer Unrealized Losses	Total Fair Value	Total Unrealized Losses
Small business administration pooled securities	8	—	—	45,763	(9,067)	45,763	(9,067)
Total impaired available for sale securities	183	$ 5,896	$ (112)	$1,347,368	$(170,701)	$1,353,264	$(170,813)

Total

		December 31, 2022					
		Less than 12 months		12 months or longer		Total	
	# of holdings	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
		(Dollars in thousands)					

December 31, 2023

December 31, 2023

December 31, 2023

Less than 12 months

# of holdings

(Dollars in thousands)

# of holdings

Less than 12 months

Fair Value | Unrealized Losses | Fair Value | Unr L

	# of holdings	Less than 12 months Fair Value	Less than 12 months Unrealized Losses	12 months or longer Fair Value	12 months or longer Unrealized Losses	Total Fair Value	Total Unrealized Losses
U.S. government agency securities	9	$ 60,575	$ (7,292)	$ 141,725	$ (21,344)	$ 202,300	$ (28,636)
U.S. treasury securities	18	43,035	(6,350)	748,306	(76,344)	791,341	(82,694)
Agency mortgage-backed securities	123	155,944	(15,186)	154,653	(30,248)	310,597	(45,434)
Agency collateralized mortgage obligations	13	38,843	(3,031)	—	—	38,843	(3,031)
State, county, and municipal securities	1	191	(2)	—	—	191	(2)
Pooled trust preferred securities issued by banks and insurers	1	—	—	1,034	(169)	1,034	(169)

Pooled trust preferred securities issued by banks and insurers

Pooled trust preferred securities issued by banks and insurers

Small business administration pooled securities	Small business administration pooled securities	8	34,511	(3,550)	17,246	(4,163)	51,757	(7,713)
	Total impaired available for sale securities	173	$333,099	$(35,411)	$1,062,964	$(132,268)	$1,396,063	$(167,679)
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 nine months ended September 30, 2023 March 31, 2024 and 2022. 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 September 30, 2023 March 31, 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 below investment grade 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:

		September 30, 2023					December 31, 2022					March 31, 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 Unrealiz Gains
		(Dollars in thousands)										(Dollars in thousands)						
U.S. government agency securities	U.S. government agency securities	$ 29,961	$ —	$ (1,619)	$ —	$ 28,342	$ 31,258	$ —	$ (2,222)	$ —	$ 29,036							
U.S. treasury securities	U.S. treasury securities	100,693	—	(12,362)	—	88,331	100,634	—	(11,755)	—	88,879							
Agency mortgage-backed securities	Agency mortgage-backed securities	839,945	5	(97,955)	—	741,995	898,927	408	(83,383)	—	815,952							
Agency collateralized mortgage obligations	Agency collateralized mortgage obligations	490,011	—	(85,867)	—	404,144	535,971	—	(77,554)	—	458,417							

Single issuer trust preferred securities issued by banks	Single issuer trust preferred securities issued by banks	1,500	—	(165)	—	1,335	1,500	8	—	—	1,508
Single issuer trust preferred securities issued by banks											
Single issuer trust preferred securities issued by banks											
Small business administration pooled securities	Small business administration pooled securities	132,169	—	(11,886)	—	120,283	136,830	313	(6,225)	—	130,918
Total held to maturity securities	Total held to maturity securities	$ 1,594,279	$ 5	$ (209,854)	$ —	$ 1,384,430	$ 1,705,120	$ 729	$ (181,139)	$ —	$ 1,524,710
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 nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. Excluded from the table above is accrued interest on held to maturity securities of $4.6 million $4.5 million and $4.4 million as of September 30, 2023 $4.3 million at March 31, 2024 and December 31, 2022 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 nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. Furthermore, no securities held by the Company were delinquent on contractual payments nor were any securities placed on non-accrual status at September 30, 2023 March 31, 2024 and December 31, 2022 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 nine months ended September 30, 2023 March 31, 2024 and 2022, 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 September 30, 2023 March 31, 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 securities as of September 30, 2023 at March 31, 2024 is presented below:

	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	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(Dollars in thousands)									

	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	
	Amortized Cost	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(Dollars in thousands)	(Dollars in							
Available for sale securities	Available for sale securities								

U.S. government agency securities											
U.S. government agency securities											
U.S. government agency securities	U.S. government agency securities	$ —	$ —	$ 166,540	$ 145,530	$ 63,847	$ 53,980	$ —	$ —	$ 230,387	$ 199,510
U.S. treasury securities	U.S. treasury securities	199,926	195,410	674,537	603,477	—	—	—	—	874,463	798,887
Agency mortgage-backed securities	Agency mortgage-backed securities	7,100	7,047	87,234	77,321	95,989	79,094	135,995	111,246	326,318	274,708
Agency collateralized mortgage obligations	Agency collateralized mortgage obligations	—	—	—	—	3,010	2,681	34,149	30,968	37,159	33,649
State, county, and municipal securities	State, county, and municipal securities	—	—	194	184	—	—	—	—	194	184
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	Pooled trust preferred securities issued by banks and insurers	—	—	—	—	—	—	1,204	1,043	1,204	1,043
Small business administration pooled securities	Small business administration pooled securities	—	—	—	—	—	—	54,830	45,763	54,830	45,763
Total available for sale securities	Total available for sale securities	$ 207,026	$ 202,457	$ 928,505	$ 826,512	$ 162,846	$ 135,755	$ 226,178	$ 189,020	$ 1,524,555	$ 1,353,744
Held to maturity securities	Held to maturity securities										
U.S. government agency securities											
U.S. government agency securities											
U.S. government agency securities	U.S. government agency securities	$ —	$ —	$ 29,961	$ 28,342	$ —	$ —	$ —	$ —	$ 29,961	$ 28,342
U.S. treasury securities	U.S. treasury securities	—	—	99,701	87,547	992	784	—	—	100,693	88,331

Agency mortgage-backed securities	Agency mortgage-backed securities	—	—	303,005	279,374	333,049	280,954	203,891	181,667	839,945	741,995
Agency collateralized mortgage obligations	Agency collateralized mortgage obligations	—	—	43,985	40,115	40,959	35,101	405,067	328,928	490,011	404,144
Single issuer trust preferred securities issued by banks	Single issuer trust preferred securities issued by banks	—	—	1,500	1,335	—	—	—	—	1,500	1,335
Single issuer trust preferred securities issued by banks											
Single issuer trust preferred securities issued by banks											
Small business administration pooled securities	Small business administration pooled securities	—	—	—	—	6,305	5,628	125,864	114,655	132,169	120,283
Total held to maturity securities	Total held to maturity securities	$ —	$ —	$ 478,152	$ 436,713	$381,305	$322,467	$734,822	$625,250	$1,594,279	$1,384,430
Total held to maturity securities											
Total held to maturity securities											
Total	Total	$207,026	$202,457	$1,406,657	$1,263,225	$544,151	$458,222	$961,000	$814,270	$3,118,834	$2,738,174

Included in the table above are $24.7 million $25.5 million of callable securities at September 30, 2023 March 31, 2024.

The carrying value of securities pledged to secure public funds, trust deposits, and for other purposes, as required or permitted by law, was $1.8 billion $1.6 billion and $959.8 million $1.7 billion at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

At September 30, 2023 March 31, 2024 and December 31, 2022 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 September 30, 2023 (Dollars in thousands)							
		Commercial and Industrial	**Commercial Real Estate**	**Commercial Construction**	**Small Business**	**Residential Real Estate**	**Home Equity**	**Other Consumer**	
Allowance for credit losses	Allowance for credit losses								
Beginning balance	Beginning balance	$ 15,142	$ 78,396	$ 9,038	$ 3,606	$ 21,465	$ 12,433	$ 567	$
Beginning balance									
Beginning balance									
Charge-offs									

	Commercial and Industrial	Commercial Real Estate	Commercial Construction	Small Business	Residential Real Estate	Home Equity	Other Consumer	
Charge-offs								
Charge-offs	—	(5,072)	—	(112)	—	—	(834)	
Recoveries	111	—	—	35	—	12	282	
Provision for (release of) credit losses	1,681	1,078	(208)	385	1,682	101	781	
Ending balance (1)	$ 16,934	$ 74,402	$ 8,830	$ 3,914	$ 23,147	$ 12,546	$ 796	$

Three Months Ended September 30, 2022

(Dollars in thousands)

	Commercial and Industrial	Commercial Real Estate	Commercial Construction	Small Business	Residential Real Estate	Home Equity	Other Consumer	

Three Months Ended March 31, 2023

Three Months Ended March 31, 2023

Three Months Ended March 31, 2023

(Dollars in thousands)

	Commercial and Industrial							
Allowance for credit losses								
Beginning balance								
Beginning balance								
Beginning balance	$ 14,107	$ 83,456	$ 11,710	$ 2,784	$ 19,750	$ 11,740	$ 772	$
Charge-offs	—	(62)	—	—	—	—	(679)	
Recoveries	2	330	—	88	—	65	251	
Provision for (release of) credit losses	6,060	(3,688)	(291)	(248)	852	(154)	469	
Ending balance (1)	$ 20,169	$ 80,036	$ 11,419	$ 2,624	$ 20,602	$ 11,651	$ 812	$

Nine Months Ended September 30, 2023

(Dollars in thousands)

	Commercial and Industrial	Commercial Real Estate	Commercial Construction	Small Business	Residential Real Estate	Home Equity	Other Consumer	
Allowance for credit losses								
Beginning balance	$ 27,559	$ 77,799	$ 10,762	$ 2,834	$ 20,973	$ 11,504	$ 988	$
Charge-offs	(23,471)	(5,072)	—	(199)	—	—	(1,858)	
Recoveries	132	—	—	74	—	38	756	
Provision for (release of) credit losses	12,714	1,675	(1,932)	1,205	2,174	1,004	910	
Ending balance (1)	$ 16,934	$ 74,402	$ 8,830	$ 3,914	$ 23,147	$ 12,546	$ 796	$

Nine Months Ended September 30, 2022

(Dollars in thousands)

	Commercial and Industrial	Commercial Real Estate	Commercial Construction	Small Business	Residential Real Estate	Home Equity	Other Consumer	
Allowance for credit losses								
Beginning balance	$ 14,402	$ 83,486	$ 12,316	$ 3,508	$ 14,484	$ 17,986	$ 740	$
Charge-offs	—	(62)	—	(59)	—	(122)	(1,749)	
Recoveries	44	333	—	147	—	105	754	

Provision for (release of) credit losses	5,723	(3,721)	(897)	(972)	6,118	(6,318)	1,067	
Ending balance (1)	$ 20,169	$ 80,036	$ 11,419	$ 2,624	$ 20,602	$ 11,651	$ 812	$

(1) Balances of accrued interest receivable excluded from amortized cost and the calculation of allowance for credit losses amounted to $58.1 million $59.3 million and $42.7 million $52.7 million as of September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively.

The balance of allowance for credit losses decreased increased to $140.6 million $146.9 million as of September 30, 2023 March 31, 2024 compared to $152.4 million $142.2 million at December 31, 2022 December 31, 2023, driven primarily by outsized charge-offs on two large commercial loans, partially offset by specific reserve allocations as well as net loan growth during the nine three months ended September 30, 2023 March 31, 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, and 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 and as well as other specific use properties. Loans may be written with nonamortizing 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 it is the Company's policy to obtain 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 owner-occupied 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 restructure 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.

- *Potential Weakness: 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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- *Definite Weakness Loss Unlikely: 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.

- *Partial Loss Probable: 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.

- *Definite 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" rating, while any consumer loans 90 days or more past due are assigned a "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:

	September 30, 2023								
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving converted to Term	Total (1)
	(Dollars in thousands)								
Commercial and industrial									
Pass (2)	$ 303,838	$ 188,559	$ 94,714	$ 73,366	$ 45,741	$ 116,052	$ 737,335	$ —	$ 1,559,605
Potential weakness	6,511	2,417	614	10,278	90	132	46,706	—	66,748

Definite weakness - loss unlikely	1,933	4,707	1,074	132	1,165	806	16,833	—	26,650
Partial loss probable	—	—	—	—	—	—	—	—	—
Definite loss	—	—	—	—	—	—	—	—	—
Total commercial and industrial	$ 312,282	$ 195,683	$ 96,402	$ 83,776	$ 46,996	$ 116,990	$ 800,874	$ —	$ 1,653,003
Current-period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ 34	$ 23,437	$ —	$ 23,471
Commercial real estate									
Pass	$ 795,830	$ 1,160,497	$ 1,338,792	$ 1,312,240	$ 610,009	$ 2,188,221	$ 68,496	$ 858	$ 7,474,943
Potential weakness	62,572	37,695	57,987	14,662	2,945	118,830	—	—	294,691
Definite weakness - loss unlikely	30,667	27,504	23,568	4,321	19,211	21,325	—	—	126,596
Partial loss probable	—	—	—	—	—	—	—	—	—
Definite loss	—	—	—	—	—	—	—	—	—
Total commercial real estate	$ 889,069	$ 1,225,696	$ 1,420,347	$ 1,331,223	$ 632,165	$ 2,328,376	$ 68,496	$ 858	$ 7,896,230
Current-period gross write-offs	$ —	$ 5,072	$ —	$ —	$ —	$ —	$ —	$ —	$ 5,072
Commercial construction									
Pass	$ 146,278	$ 491,098	$ 201,730	$ 9,939	$ 27,304	$ 1,569	$ 17,248	$ —	$ 895,166
Potential weakness	13,484	—	4,823	—	—	—	—	—	18,307
Definite weakness - loss unlikely	9,440	26,199	16,330	—	—	—	—	—	51,969
Partial loss probable	—	—	—	—	—	—	—	—	—
Definite loss	—	—	—	—	—	—	—	—	—
Total commercial construction	$ 169,202	$ 517,297	$ 222,883	$ 9,939	$ 27,304	$ 1,569	$ 17,248	$ —	$ 965,442
Current-period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Small business									
Pass	$ 40,551	$ 52,883	$ 40,706	$ 26,759	$ 13,759	$ 23,458	$ 43,759	$ —	$ 241,875
Potential weakness	—	—	—	155	—	186	295	—	636
Definite weakness - loss unlikely	429	324	126	295	—	615	1,035	—	2,824
Partial loss probable	—	—	—	—	—	—	—	—	—
Definite loss	—	—	—	—	—	—	—	—	—
Total small business	$ 40,980	$ 53,207	$ 40,832	$ 27,209	$ 13,759	$ 24,259	$ 45,089	$ —	$ 245,335
Current-period gross write-offs	$ —	$ —	$ 22	$ 37	$ —	$ —	$ 140	$ —	$ 199
Residential real estate									
Pass	$ 391,121	$ 645,593	$ 408,752	$ 186,334	$ 89,911	$ 612,878	$ —	$ —	$ 2,334,589
Default	219	—	393	135	942	1,824	—	—	3,513
Total residential real estate	$ 391,340	$ 645,593	$ 409,145	$ 186,469	$ 90,853	$ 614,702	$ —	$ —	$ 2,338,102
Current-period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	March 31, 2024								
	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving converted to Term	Total (1)
	(Dollars in thousands)								
Commercial and industrial									
Pass	$ 159,082	$ 223,301	$ 148,288	$ 73,012	$ 60,865	$ 146,495	$ 685,258	$ —	$ 1,496,301
Special mention	3,160	3,254	1,843	322	9,206	4,024	31,525	—	53,334
Substandard	1,809	—	57	198	—	43	28,299	—	30,406
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total commercial and industrial	$ 164,051	$ 226,555	$ 150,188	$ 73,532	$ 70,071	$ 150,562	$ 745,082	$ —	$ 1,580,041
Current-period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Commercial real estate									
Pass	$ 193,152	$ 1,127,417	$ 1,201,044	$ 1,304,867	$ 1,212,201	$ 2,562,542	$ 93,048	$ 248	$ 7,694,519
Special mention	—	61,943	38,590	53,837	44,806	124,614	297	—	324,087
Substandard	6,350	27,358	18,046	22,758	3,894	3,973	—	—	82,379
Doubtful	—	—	—	—	—	7,851	—	—	7,851
Loss	—	—	—	—	—	—	—	—	—
Total commercial real estate	$ 199,502	$ 1,216,718	$ 1,257,680	$ 1,381,462	$ 1,260,901	$ 2,698,980	$ 93,345	$ 248	$ 8,108,836
Current-period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial construction									
Pass	$ 97,558	$ 164,784	$ 336,768	$ 100,371	$ 7,971	$ 25,184	$ 19,398	$ 676	$ 752,710
Special mention	3,326	18,724	—	5,618	—	—	—	—	27,668

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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	**Home equity**									
Pass	Pass	$ 21,729	$ 39,251	$ 56,216	$ 50,724	$ 30,039	$ 126,897	$ 765,079	$4,190	$ 1,094,125
Pass										
Pass										
Default	Default	—	—	—	—	—	—	1,289	141	1,430
Total home equity										
Total home equity										
Total home equity	Total home equity	$ 21,729	$ 39,251	$ 56,216	$ 50,724	$ 30,039	$ 126,897	$ 766,368	$4,331	$ 1,095,555
Current-period gross write-offs	Current-period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other consumer (3)										
Other consumer (2)										
Other consumer (2)										
Other consumer (2)										
Pass										
Pass										
Pass	Pass	$ 538	$ 320	$ 1,370	$ 912	$ 410	$ 2,154	$ 24,843	$ —	$ 30,547
Default	Default	—	—	—	—	—	19	2	—	21
Total other consumer	Total other consumer	$ 538	$ 320	$ 1,370	$ 912	$ 410	$ 2,173	$ 24,845	$ —	$ 30,568
Total other consumer										
Total other consumer										
Current-period gross write-offs	Current-period gross write-offs	$ 1,836	$ —	$ —	$ —	$ —	$ 7	$ 15	$ —	$ 1,858
Total										
Total										
Total	Total	$1,825,140	$2,677,047	$2,247,195	$1,690,252	$841,526	$3,214,966	$1,722,920	$5,189	$14,224,235

Total current-period gross write-offs	$ 1,836	$ 5,072	$ 22	$ 37	$ —	$ 41	$ 23,592	$ —	$ 30,600

	March 31, 2023								
	2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving converted to Term	Total (1)
	(Dollars in thousands)								
Commercial and industrial									
Pass	$ 153,554	$ 262,933	$ 122,770	$ 94,702	$ 54,925	$ 85,391	$ 811,795	$ —	$ 1,586,070
Special mention	—	4,712	705	868	1,608	1,342	24,114	—	33,349
Substandard	—	2,295	1,516	164	377	1	2,936	—	7,289
Doubtful	—	—	—	—	—	—	23,174	—	23,174
Loss	—	—	—	—	—	—	—	—	—
Total commercial and industrial	$ 153,554	$ 269,940	$ 124,991	$ 95,734	$ 56,910	$ 86,734	$ 862,019	$ —	$ 1,649,882
Current-period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ 34	$ 247	$ —	$ 281
Commercial real estate									
Pass	$ 204,462	$ 1,199,328	$ 1,459,526	$ 1,259,511	$ 720,208	$ 2,439,424	$ 59,810	$ —	$ 7,342,269
Special mention	154	52,961	67,200	29,611	13,139	225,673	—	—	388,738

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	September 30, 2022								
	2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving converted to Term	Total (1)
	(Dollars in thousands)								
Commercial and industrial									
Pass (2)	$ 292,601	$ 149,588	$ 122,752	$ 67,591	$ 82,911	$ 22,943	$ 759,390	$ 3,362	$ 1,501,138
Potential weakness	1,540	973	1,038	1,844	3,955	715	6,557	—	16,622
Definite weakness - loss unlikely	2,485	935	—	39	—	111	27,019	—	30,589
Partial loss probable	—	—	—	—	—	—	—	—	—
Definite loss	—	—	—	—	—	—	—	—	—
Total commercial and industrial	$ 296,626	$ 151,496	$ 123,790	$ 69,474	$ 86,866	$ 23,769	$ 792,966	$ 3,362	$ 1,548,349
Commercial real estate									
Pass	$ 922,772	$ 1,467,370	$ 1,265,711	$ 773,102	$ 733,621	$ 1,976,282	$ 47,317	$ 1,070	$ 7,187,245
Potential weakness	32,579	53,096	41,164	14,147	68,298	205,234	—	—	414,518
Definite weakness - loss unlikely	26,684	2,224	4,722	2,585	17,928	21,836	—	—	75,979
Partial loss probable	—	—	—	—	—	175	—	—	175
Definite loss	—	—	—	—	—	—	—	—	—
Total commercial real estate	$ 982,035	$ 1,522,690	$ 1,311,597	$ 789,834	$ 819,847	$ 2,203,527	$ 47,317	$ 1,070	$ 7,677,917
Commercial construction									
Pass	$ 388,627	$ 392,229	$ 231,336	$ 57,768	$ 26,263	$ 7,844	$ 21,457	$ 632	$ 1,126,156
Potential weakness	40,631	—	3,387	—	—	—	—	—	44,018

Definite weakness - loss unlikely	2,138	12,845	—	—	—	—	—	—	14,983
Partial loss probable	—	—	—	—	—	—	—	—	—
Definite loss	—	—	—	—	—	—	—	—	—
Total commercial construction	$ 431,396	$ 405,074	$ 234,723	$ 57,768	$ 26,263	$ 7,844	$ 21,457	$ 632	$ 1,185,157
Small business									
Pass	$ 41,923	$ 46,581	$ 31,968	$ 17,536	$ 10,454	$ 20,227	$ 37,455	$ —	$ 206,144
Potential weakness	—	163	394	369	193	129	697	—	1,945
Definite weakness - loss unlikely	194	—	442	7	20	224	591	—	1,478
Partial loss probable	—	—	—	—	—	—	—	—	—
Definite loss	—	—	—	—	—	—	—	—	—
Total small business	$ 42,117	$ 46,744	$ 32,804	$ 17,912	$ 10,667	$ 20,580	$ 38,743	$ —	$ 209,567
Residential real estate									
Pass	$ 557,643	$ 426,721	$ 196,538	$ 95,689	$ 96,828	$ 582,830	$ —	$ —	$ 1,956,249
Default	—	—	676	466	376	1,487	—	—	3,005
Total residential real estate	$ 557,643	$ 426,721	$ 197,214	$ 96,155	$ 97,204	$ 584,317	$ —	$ —	$ 1,959,254
Home equity									
Pass	$ 37,298	$ 61,898	$ 56,262	$ 32,761	$ 27,906	$ 124,325	$ 741,952	$ 3,190	$ 1,085,592
Default	—	—	—	122	—	285	1,171	—	1,578
Total home equity	$ 37,298	$ 61,898	$ 56,262	$ 32,883	$ 27,906	$ 124,610	$ 743,123	$ 3,190	$ 1,087,170
Other consumer (3)									
Pass	$ 383	$ 2,498	$ 1,969	$ 1,370	$ 380	$ 3,630	$ 22,680	$ —	$ 32,910
Default	—	14	—	—	—	11	1	—	26
Total other consumer	$ 383	$ 2,512	$ 1,969	$ 1,370	$ 380	$ 3,641	$ 22,681	$ —	$ 32,936
Total	$ 2,347,498	$ 2,617,135	$ 1,958,359	$ 1,065,396	$ 1,069,133	$ 2,968,288	$ 1,666,287	$ 8,254	$ 13,700,350

Substandard	3,481	39,208	13,205	5,334	4,038	23,821	—	—	89,087
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total commercial real estate	$ 208,097	$ 1,291,497	$ 1,539,931	$ 1,294,456	$ 737,385	$ 2,688,918	$ 59,810	$ —	$ 7,820,094
Current-period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial construction									
Pass	$ 90,362	$ 461,824	$ 266,758	$ 89,919	$ 62,033	$ 4,755	$ 21,237	$ —	$ 996,888
Special mention	18,431	—	5,889	3,919	—	—	—	—	28,239
Substandard	7,619	11,434	2,130	—	—	—	—	—	21,183
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total commercial construction	$ 116,412	$ 473,258	$ 274,777	$ 93,838	$ 62,033	$ 4,755	$ 21,237	$ —	$ 1,046,310
Current-period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Small business									
Pass	$ 9,770	$ 54,258	$ 43,458	$ 29,810	$ 16,173	$ 26,536	$ 42,746	$ —	$ 222,751
Special mention	—	—	—	158	—	228	527	—	913
Substandard	105	126	113	304	3	686	865	—	2,202
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total small business	$ 9,875	$ 54,384	$ 43,571	$ 30,272	$ 16,176	$ 27,450	$ 44,138	$ —	$ 225,866

Current-period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ 28	$ —	$ 28
Residential real estate									
Pass	$ 91,404	$ 658,273	$ 416,067	$ 190,313	$ 92,927	$ 644,659	$ —	$ —	$ 2,093,643
Default	—	—	—	472	157	1,372	—	—	2,001
Total residential real estate	$ 91,404	$ 658,273	$ 416,067	$ 190,785	$ 93,084	$ 646,031	$ —	$ —	$ 2,095,644
Current-period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Home equity									
Pass	$ 6,812	$ 42,352	$ 58,830	$ 53,565	$ 31,341	$ 139,472	$ 756,103	$ 937	$ 1,089,412
Default	—	—	—	—	122	82	1,139	—	1,343
Total home equity	$ 6,812	$ 42,352	$ 58,830	$ 53,565	$ 31,463	$ 139,554	$ 757,242	$ 937	$ 1,090,755
Current-period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other consumer (2)									
Pass	$ 60	$ 386	$ 1,168	$ 926	$ 514	$ 1,852	$ 14,450	$ —	$ 19,356
Default	—	—	—	—	6	37	2	—	45
Total other consumer	$ 60	$ 386	$ 1,168	$ 926	$ 520	$ 1,889	$ 14,452	$ —	$ 19,401
Current-period gross write-offs	$ 498	$ —	$ —	$ —	$ —	$ —	$ 8	$ —	$ 506
Total	$ 586,214	$ 2,790,090	$ 2,459,335	$ 1,759,576	$ 997,571	$ 3,595,331	$ 1,758,898	$ 937	$ 13,947,952
Total current -period gross write-offs	$ 498	$ —	$ —	$ —	$ —	$ 34	$ 283	$ —	$ 815

(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) Loans originated as part of the Paycheck Protection Program ("PPP") established by the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") are included within commercial and industrial under the 2021 and 2020 vintage year and "pass" category as these loans are 100% guaranteed by the U.S. Government. Outstanding PPP loans totaled $5.1 million and $11.1 million as of September 30, 2023 and 2022, respectively.

(3) 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:

		September 30 2023	December 31 2022	March 31 2024	December 31 2023
	March 31 2024				
Residential real estate portfolio	Residential real estate portfolio				
FICO score (re-scored)(1)					
FICO score (re-scored)(1)					
FICO score (re-scored)(1)	FICO score (re-scored)(1)	753	753		
LTV (re-valued)(2)	LTV (re-valued)(2)	59.4 %	57.0 %	LTV (re-valued)(2) 59.7 %	59.8 %

Home equity portfolio	Home equity portfolio					
FICO score (re-scored)(1)	FICO score (re-scored)(1)	770	771			
FICO score (re-scored)(1)						
FICO score (re-scored)(1)						
LTV (re-valued)(2)(3)	LTV (re-valued)(2)(3)	43.1 %	41.3 %	LTV (re-valued)(2)(3)	43.9 %	43.3 %

(1) The average FICO scores at September 30, 2023 March 31, 2024 are based upon rescores from September March 2024 as available for previously originated loans, or origination score data for loans booked in March 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 September December 2023. The average FICO scores at December 31, 2022 were based upon rescores available from December 2022, as available for previously originated loans, or origination score data for loans booked in December 2022.

(2) The combined LTV ratios for September 30, 2023 March 31, 2024 are based upon updated automated valuations as of August 2023, February 2024, when available, and/or the most current valuation data available. The combined LTV ratios for December 31, 2022 December 31, 2023 were based upon updated automated valuations as of November 2022, 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company's estimated reserve for unfunded commitments amounted to $1.5 million and $1.3 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					
		September 30, 2023			December 31, 2022		
		With Allowance for Credit Losses	Without Allowance for Credit Losses (2)	Total	With Allowance for Credit Losses	Without Allowance for Credit Losses (2)	Total (1)
		Nonaccrual Balances					Nonaccrual Balances
		March 31, 2024			March 31, 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
		(Dollars in thousands)			(Dollars in thousands)		
Commercial and industrial	Commercial and industrial	$ 2,655	$ 298	$ 2,953	$26,395	$ 298	$26,693
Commercial real estate	Commercial real estate	12,178	11,689	23,867	12,961	2,769	15,730

Small business	Small business	368	4	372	99	5	104
Small business							
Small business							
Residential real estate	Residential real estate	8,493	—	8,493	8,479	—	8,479
Home equity	Home equity	3,411	—	3,411	3,400	—	3,400
Other consumer	Other consumer	72	—	72	475	—	475
Total nonaccrual loans	Total nonaccrual loans	$27,177	$11,991	$39,168	$51,809	$ 3,072	$54,881

(1) Nonaccrual balances at December 31, 2022 included $11.5 million of nonaccruing troubled debt restructures ("TDRs").

(2) 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 nine three months ended September 30, 2023 March 31, 2024 and 2022, 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 and $80,000 for the three months ended March 31, 2024 and 2023, respectively.

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

		September 30, 2023	December 31, 2022
		(Dollars in thousands)	
		March 31, 2024	December 31, 2023
		(Dollars in thousands)	(Dollars in thousands)
Foreclosed residential real estate property held by the creditor	Foreclosed residential real estate property held by the creditor	$ 110	$ —
Recorded investment in mortgage loans collateralized by residential real estate property that are in the process of foreclosure	Recorded investment in mortgage loans collateralized by residential real estate property that are in the process of foreclosure	$ 1,667	$ 1,615

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

	March 31, 2024					
	30-59 days	60-89 days	90 days or more	Total Past Due	Total Financing Receivables (2)	Amortized Cost >90 Days and Accruing
	September 30, 2023					
	30-59 days	60-89 days	90 days or more	Total Past Due	Total	Amortized

Loan Portfolio	Loan Portfolio	Number of Loans	Principal Balance	Number of Loans	Principal Balance	Number of Loans	Principal Balance	Number of Loans	Principal Balance	Current	Financing Receivables	Cost >90 Days and Accruing
		(Dollars in thousands)										(Dollars in thousands)
Commercial and industrial												
Commercial and industrial												
Commercial and industrial	Commercial and industrial	1	$ 63	2	$ 527	3	$ 390	6	$ 980	$ 1,652,023	$ 1,653,003	$ —
Commercial real estate	Commercial real estate	2	736	1	659	2	11,688	5	13,083	7,883,147	7,896,230	—
Commercial construction	Commercial construction	1	7,499	—	—	—	—	1	7,499	957,943	965,442	—
Small business	Small business	7	91	4	69	11	204	22	364	244,971	245,335	—
Residential real estate	Residential real estate	14	2,405	8	1,446	14	2,067	36	5,918	2,332,184	2,338,102	—
Home equity	Home equity	11	919	4	185	17	1,431	32	2,535	1,093,020	1,095,555	—
Other consumer (1)	Other consumer (1)	409	691	12	42	4	24	425	757	29,811	30,568	3
Total	Total	445	$ 12,404	31	$ 2,928	51	$ 15,804	527	$ 31,136	$ 14,193,099	$ 14,224,235	$ 3

December 31, 2023					
30-59 days	60-89 days	90 days or more	Total Past Due	Total Financing Receivables (2)	Amortized Cost >90 Days and Accruing

Loan Portfolio	Loan Portfolio	December 31, 2022										
		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	Amortized Cost >90 Days and Accruing
		(Dollars in thousands)										(Dollars in thousands)
Commercial and industrial												
Commercial and industrial												
Commercial and industrial	Commercial and industrial	3	$ 49	1	$ 175	3	$ 23,726	7	$ 23,950	$ 1,611,153	$ 1,635,103	$ —
Commercial real estate	Commercial real estate	7	2,052	5	4,971	3	2,977	15	10,000	7,750,230	7,760,230	—
Commercial construction	Commercial construction	—	—	—	—	—	—	—	—	1,154,413	1,154,413	—
Small business	Small business	12	111	3	25	3	5	18	141	218,961	219,102	—
Residential real estate	Residential real estate	8	1,654	8	1,105	16	1,725	32	4,484	2,031,040	2,035,524	—

Home equity	Home equity	19	1,647	3	201	17	965	39	2,813	1,085,937	1,088,750	—
Other consumer (1)	Other consumer (1)	432	421	15	83	4	28	451	532	35,021	35,553	—
Total	Total	481	$ 5,934	35	$ 6,560	46	$ 29,426	562	$ 41,920	$ 13,886,755	$ 13,928,675	$ —

(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 $6.1 million $5.7 million and $5.0 million $6.4 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Net unamortized discounts on acquired loans included in the ending balance was $8.5 million and $8.6 million at March 31, 2024 and December 31, 2023, respectively.

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Loan Modifications

In The following tables present the course period end amortized cost basis of resolving nonperforming loans the Company may choose to restructure the contractual terms of certain loans. The Company attempts to work out an alternative payment schedule with the borrower in order to avoid foreclosure actions. Terms may be modified to fit the ability of the borrower to repay in line with its current financial status and the restructuring of the loan may include principal forgiveness, interest rate reductions, term extensions, other-than-insignificant payment delays, and/or any combinations thereof. Any loans that are modified are reviewed by the Company to determine whether the modification is the direct result of a borrower experiencing financial difficulty, as the Company adopted the accounting and disclosure requirements for loan modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2024 and ceased to recognize TDRs effective January 1, 2023. 2023, respectively, disaggregated by class of financing receivable and type of modification granted:

Loan modifications made 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. Under previously applicable accounting guidance, the Company determined the amount of allowance for credit losses on TDRs using a discounted cash flow analysis or a fair value of collateral approach if the loan was determined to be individually evaluated. This change in methodology did not have a material impact on the Company's allowance for credit loss estimate.

	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	

The following tables present the amortized cost basisTable of loans modified to borrowers experiencing financial difficulty during the periods presented, disaggregated by class of financing receivable and type of modification granted. The amortized cost basis amounts presented in these tables are as of the modification date and, in certain instances, may include multiple modifications of the same loan during the periods presented.Contents

	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
	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	$ 7,915	0.48%	$ 16,108	0.97%
Commercial real estate	719	0.01%	19,180	0.24%
Commercial construction	—	—%	2,369	0.25%
Small business	—	—%	105	0.04%
Total	$ 8,634		$ 37,762	
	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	$ —	—%	$ 2,805	0.17%
Commercial real estate	—	—%	7,013	0.09%
Total	$ —		$ 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)			
Small business	$ —	—%	$ 44	0.02%
Total	$ —		$ 44	
	Combination - Term Extension and 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	$ —	—%	$ 1,965	0.12%
Commercial real estate	—	—%	6,857	0.09%
Total	$ —		$ 8,822	

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

Three Months Ended September 30, 2023 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

Nine Months Ended September 30, 2023	
Term Extension	
Loan Category	**Financial Effect**
Commercial and industrial	Added a weighted-average contractual term of 2 months to the life of the loans
Commercial real estate	Added a weighted-average contractual term of 1.8 years to the life of the loans
Commercial construction	Added a weighted-average contractual term of 2 months to the life of the loans

Combination - Interest Rate Reduction and Term Extension	
Loan Category	**Financial Effect**
Small business	Reduced weighted-average contractual interest rate from 10.00% to 6.50% and added Added a weighted-average contractual term of 4.3 years to the life of the loan loans

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

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

	Payment Status (Amortized Cost Basis)			
	Current	30-89 Days Past Due	90+ Days Past Due	Nonaccrual Status
	(Dollars in thousands)			
	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
		(Dollars in thousands)			(Dollars in thousands)
Loan Type	Loan Type				
Commercial and industrial					
Commercial and industrial					
Commercial and industrial	Commercial and industrial	$ 7,409	$ 504	$ —	$ 2,446
Commercial real estate	Commercial real estate	16,252	660	—	6,850
Small business					
Small business					
Small business	Small business	140	—	—	—
Total	Total	$23,801	$1,164	$ —	$ 9,296
Total					
Total					

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The Company considers a loan to have defaulted when it reaches 90 days past due. During the three and nine months ended September 30, 2023, At March 31, 2024 there was one $136,000 commercial real estate loan that had a payment default and defaulted during the three months then ended which was modified within the previous 12 months as with a combination term extension and other-than-insignificant payment delay, which had an amortized cost basis of $6.7 million at September 30, 2022. During to a borrower experiencing financial difficulty in the nine months ended September 30, 2022 there were no TDRs modified during the previous prior 12 months that subsequently defaulted. months.

At September 30, 2023 March 31, 2024, the Company did not have any had $640,000 in additional commitments to lend to borrowers one borrower experiencing financial difficulty, who were party pertaining to a construction loan modification. that was modified during the three months then ended with a term extension.

As previously noted, the Company adopted the accounting and disclosure requirements for loan Loan modifications made to borrowers experiencing financial difficulty and ceased to recognize TDRs effective January 1, 2023. As such, are evaluated on a collective basis with loans sharing similar risk characteristics in accordance with the following table and related disclosures show the Company's total TDRs and other pertinent TDR information as of December 31, 2022 and for the prior applicable periods:

	(Dollars in thousands)
TDRs on accrual status	$ 11,278
TDRs on nonaccrual	11,520
Total TDRs	$ 22,798

During the three and nine months ended September 30, 2022, one new TDR occurred within the commercial and industrial category and was comprised of an extended maturity modification, with a pre-modification outstanding recorded investment of $68,000 and a post-modification outstanding recorded investment of $67,000.

At December 31, 2022, the Company had additional commitments to lend to borrowers who had been a party to a TDR of $64,000. current expected credit loss ("CECL") methodology.

NOTE 4 - BORROWINGS

Federal Home Loan Bank Borrowings

During the nine months ended September 30, 2023, On March 15, 2024 the Company began utilizing FHLB advances for certain short-term and long-term borrowing needs, as deemed necessary, which were comprised of the following as of September 30, 2023:

	Total Outstanding	Weighted Average Contractual Rate	Effective Rate, Net of Hedges
		(Dollars in thousands)	

Overnight Borrowings	$	287,000	5.57 %	n/a
1-Month Term		200,000	5.50 %	n/a
1-Month Term		400,000	5.51 %	3.87 %
Amortizing		548	1.40 %	n/a
Total	$	887,548		

At September 30, 2023 and December 31, 2022, the Company had sufficient collateral at the FHLB to support fully redeemed its obligations and was in compliance with the FHLB's collateral pledging program. The Company's FHLB advances are collateralized by a blanket pledge agreement on the Bank's FHLB stock, certain qualified investment securities, deposits at the FHLB, residential mortgages, and by certain commercial real estate loans held in the Bank's portfolio. The carrying value of loans pledged as collateral for these borrowings totaled $3.8 billion and $2.7 billion at September 30, 2023 and December 31, 2022, respectively, resulting in available borrowing capacity with the FHLB of $1.8 billion both September 30, 2023 and December 31, 2022

Long-Term Debt

The following table summarizes long-term debt, net of debt issuances costs, at the dates indicated:

	September 30 2023	December 31 2022
	(Dollars in thousands)	
Junior subordinated debentures		
Capital Trust V	51,516	51,514
Central Trust I	5,258	5,258
Central Trust II	6,083	6,083
Subordinated debentures	49,957	49,885
Total long-term debt	$ 112,814	$ 112,740

The interest expense on long-term debt was $1.8 million and $5.0 million for the three and nine months ended September 30, 2023, respectively, and $1.2 million and $3.2 million for the three and nine months ended September 30, 2022, respectively.

Junior Subordinated Debentures: The junior subordinated debentures are issued to various trust subsidiaries of the Company. These trusts were formed for the purpose of issuing trust preferred securities, which were then sold in a private placement offering. The proceeds from the sale of the securities and the issuance of common stock by these trusts were invested in these Junior Subordinated Debentures issued by the Company. These trust preferred securities bear interest at a rate of three-month Secured Overnight Financing Rate ("SOFR") (5.41% at September 30, 2023) plus applicable spread.

Information relating to these trust preferred securities at September 30, 2023 is as follows:

Trust	Principal Amount	Maturity Date	Interest Rate Spread	All-in Rate
		(Dollars in thousands)		
Capital Trust V	$ 50,000	3/15/2037	1.48%	7.15%
Central Trust I (1)	$ 5,100	9/16/2034	2.44%	8.11%
Central Trust II (1)	$ 5,900	3/15/2037	1.65%	7.32%

(1) These securities noted above are callable quarterly until maturity.

Subordinated Debentures: On March 14, 2019 the Company issued 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 which remained outstanding at September 30, 2023 and December 31, 2022. The subordinated debentures were set to mature on March 15, 2029. However, with regulatory approval, the Company may an option to redeem the subordinated debentures without penalty at any scheduled payment date on or after March 15, 2024 with 30 days' notice. The subordinated debentures carry a fixed rate of interest of 4.75% through March 15, 2024, after notice, which interest converts to a variable rate of the then current three-month SOFR rate plus 219 basis points.

At September 30, 2023, was provided by the Company held no long-term debt scheduled prior to mature within the next 5 years.

redemption.

NOTE 5 - STOCK BASED COMPENSATION

During the nine three months ended September 30, 2023 March 31, 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	Shares Granted	Plan	Grant Date Fair Value Per Share		Vesting Period
2/16/2023	77,525	2005 Employee Stock Plan	$	80.65	Ratably over 3 years from grant date
2/16/2023	12,309	2005 Employee Stock Plan	$	80.65	Ratably over 5 years, on each anniversary of February 6, 2023 start date
5/15/2023	1,080	2005 Employee Stock Plan	$	46.21	Ratably over 3 years from grant date
5/23/2023	12,410	2018 Non-Employee Director Stock Plan	$	48.35	Shares vested immediately
5/30/2023	890	2023 Omnibus Incentive Plan (1)	$	45.09	Ratably over 3 years from grant date
9/15/2023	5,270	2023 Omnibus Incentive Plan (1)	$	51.44	Ratably over 5 years from grant date
9/15/2023	3,020	2023 Omnibus Incentive Plan (1)	$	51.44	Ratably over 3 years from grant date

(1) The 2023 Omnibus Incentive Plan was approved by the Company's shareholders on May 18, 2023 and replaces the Company's Second Amended and Restated 2005 Employee Stock Plan.

Date	Shares Granted	Plan	Grant Date Fair Value Per Share		Vesting Period
2/22/2024	106,200	2023 Omnibus Incentive Plan	$	52.73	Ratably over 3 years from grant date

Performance-Based Restricted Stock Awards

On February 16, 2023 February 22, 2024, the Company granted 32,200 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 2005 Employee Stock 2023 Omnibus Incentive Plan and were determined to have a grant date fair value per share of $80.65. $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 three-year performance period ending December 31, 2025 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 31, 2026 March 15, 2027.

On March 13, 2023 March 14, 2024, the performance-based restricted stock awards that were awarded on February 27, 2020 February 18, 2021 vested at 80% of the maximum target shares awarded, or 12,880 11,874 shares, net of forfeitures.

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NOTE 6 - 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 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"). 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 derivative positions at the dates indicated below for interest rate swaps which qualify as cash flow hedges for accounting purposes:

	September 30, 2023
Weighted Average Rate	

		Notional Amount	Average Maturity	Current Rate Received	Pay Fixed Swap Rate	Fair Value
		(in thousands)	(in years)			(in thousands)
March 31, 2024						March 31, 2024
				Weighted Average Rate		
		Notional Amount				
		Notional Amount				
		Notional Amount	Average Maturity	Current Rate Received	Pay Fixed Swap Rate	Fair Value
		(in thousands)	(in thousands)	(in years)		(in thousands)
Interest rate swaps on borrowings	Interest rate swaps on borrowings	$ 400,000	2.84	5.32 %	3.67 %	$ 10,459
				Current Rate Paid	Receive Fixed Swap Rate	
				Current Rate Paid		
				Current Rate Paid		
				Current Rate Paid		
Interest rate swaps on loans						
Interest rate swaps on loans						
Interest rate swaps on loans	Interest rate swaps on loans	900,000	2.61	5.43 %	2.73 %	(46,841)
				Current Rate Paid	Receive Fixed Swap Rate Cap - Floor	
				Current Rate Paid		
				Current Rate Paid		
				Current Rate Paid		
Interest rate collars on loans						
Interest rate collars on loans						
Interest rate collars on loans	Interest rate collars on loans	400,000	1.52	5.43 %	3.09% - 2.19%	(9,353)
Total	Total	$ 1,700,000				$(45,735)
Total						

Total

December 31, 2022

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
(in thousands)	(in thousands)	(in years)		(in thousands)

Interest rate swaps on borrowings

	Notional Amount	Average Maturity	Weighted Average Rate: Current Rate Paid	Weighted Average Rate: Receive Fixed Swap Rate	Fair Value
	(in thousands)	(in years)			(in thousands)
Interest rate swaps on loans	$ 1,050,000	2.97	4.24 %	2.66 %	$(42,005)
			Current Rate Paid	Receive Fixed Swap Rate Cap - Floor	
Interest rate collars on loans	400,000	2.27	4.22 %	3.09% - 2.19%	(10,239)
Total	$ 1,450,000				$(52,244)

Notional Amount

Notional Amount

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

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 5.5 5.0 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 $6.4 million $4.9 million (pre-tax) to be reclassified as an increase to interest income and $28.1 million $20.6 million (pre-tax) to be reclassified as an increase to interest expense, from OCI related to the Company's cash flow hedges in the twelve months following September 30, 2023 March 31, 2024. This reclassification is due to anticipated payments that will be made and/or received on the swaps based upon the forward curve at September 30, 2023 March 31, 2024.

The Company had no fair value hedges as of September 30, 2023 March 31, 2024 or December 31, 2022 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 table reflects 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
		September 30, 2023															
		March 31, 2024														March 31, 2024	
		(Dollars in thousands)								(Dollars in thousands)							
Loan level swaps	Loan level swaps																
Receive fixed, pay variable																	
Receive fixed, pay variable																	
Receive fixed, pay variable	Receive fixed, pay variable	283	$67,347	$248,602	$204,413	$247,437	$ 987,554	$1,755,353	$(146,746)								
Pay fixed, receive variable	Pay fixed, receive variable	283	67,347	248,602	204,413	247,437	987,554	1,755,353	146,649								
Foreign exchange contracts	Foreign exchange contracts																

Buys foreign currency, sells U.S. currency	Buys foreign currency, sells U.S. currency	22	54,498	16,089	—	—	—	70,587	(335)
Buys U.S. currency, sells foreign currency	Buys U.S. currency, sells foreign currency	22	54,498	16,089	—	—	—	70,587	366
Risk participation agreements	Risk participation agreements								
Participation out	Participation out	17	—	24,322	—	3,666	123,961	151,949	102
Participation in	Participation in	7	10,586	—	—	19,078	8,097	37,761	(4)

Buys foreign currency, sells U.S. currency
Buys foreign currency, sells U.S. currency
Participation out
Participation out

			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
			December 31, 2022						

Notional Amount Maturing
Notional Amount Maturing
Notional Amount Maturing
Number of Positions (1)
Number of Positions (1)
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
December 31, 2023

(Dollars in thousands)

(Dollars in thousands)

Loan level swaps	Loan level swaps								
Receive fixed, pay variable	Receive fixed, pay variable	283	$80,531	$ 96,613	$256,924	$193,096	$1,016,312	$1,643,476	$(118,930)
Pay fixed, receive variable	Pay fixed, receive variable	283	80,531	96,613	256,924	193,096	1,016,312	1,643,476	118,928
Foreign exchange contracts	Foreign exchange contracts								

Receive fixed, pay variable
Receive fixed, pay variable

Buys foreign currency, sells U.S. currency	Buys foreign currency, sells U.S. currency	49	124,982	13,363	—	—	—	138,345	306
Buys foreign currency, sells U.S. currency									
Buys foreign currency, sells U.S. currency									
Buys U.S. currency, sells foreign currency	Buys U.S. currency, sells foreign currency	49	124,982	13,363	—	—	—	138,345	(232)
Risk participation agreements	Risk participation agreements								
Participation out	Participation out	13	2,595	—	24,538	—	95,514	122,647	161
Participation out									
Participation out									
Participation in	Participation in	6	27,365	—	—	—	25,849	53,214	(15)

(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 fair value election. The fair value of loans held for sale increased by $70,000 and decreased by $28,000 and $194,000 $17,000 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and decreased by $31,000 and $620,000 for the nine months ended September 30, 2023 and 2022, 2023, respectively. 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" and "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"). 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" 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 such mortgage loans included within mortgage banking income was $333,000 $593,000 and $229,000 $174,000 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $677,000 and $550,000 for the nine months ended September 30, 2023 and 2022, 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 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

	Asset Derivatives (1)		Liability Derivatives (2)							
	Fair Value at September 30 2023	Fair Value at December 31 2022	Fair Value at September 30 2023	Fair Value at December 31 2022						
	(Dollars in thousands)									
Derivatives designated as hedges										
Derivatives designated as hedges										
Derivatives designated as hedges										
Interest rate derivatives										
Interest rate derivatives										
Interest rate derivatives	$ 10,459 (3)	$ —	$ 56,194 (4)	$ 52,244 (4)	$ 6,695 (3)	(3) $1,927	$	$	38,687 (4)	(4) $ 32,090 (4) (4)
Derivatives not designated as hedges										
Customer Related Positions										
Customer Related Positions										
Customer Related Positions										
Loan level derivatives										
Loan level derivatives										
Loan level derivatives	146,657 (3)	123,372 (3)	146,754 (4)	123,374 (4)	111,146 (3)	(3) 99,416 (3)	(3) 111,252 (4)	(4) 99,551	(4)	(4)
Foreign exchange contracts	2,050	4,352	2,019	4,278						
Risk participation agreements	102	161	4	15						
Risk participation agreements										

Risk participation agreements					
Mortgage Derivatives					
Mortgage Derivatives					
Mortgage Derivatives	Mortgage Derivatives				
Interest rate lock commitments	Interest rate lock commitments	125	43	—	—
Interest rate lock commitments					
Interest rate lock commitments					
Forward sale loan commitments					
Forward sale loan commitments					
Forward sale loan commitments	Forward sale loan commitments	94	30	—	—
Total derivatives not designated as hedges	Total derivatives not designated as hedges	149,028	127,958	148,777	127,667
Total derivatives not designated as hedges					
Total derivatives not designated as hedges					
Total					
Total					
Total	Total	159,487	127,958	204,971	179,911
Netting Adjustments (5)	Netting Adjustments (5)	(74,610)	(57,784)	43,694	33,245
Netting Adjustments (5)					
Netting Adjustments (5)					
Net Derivatives on the Balance Sheet					
Net Derivatives on the Balance Sheet					
Net Derivatives on the Balance Sheet	Net Derivatives on the Balance Sheet	84,877	70,174	161,277	146,666
Financial instruments (6)	Financial instruments (6)	12,399	20,019	12,399	20,019
Financial instruments (6)					
Financial instruments (6)					
Cash collateral pledged (received)					
Cash collateral pledged (received)					

Cash collateral pledged (received)	Cash collateral pledged (received)	(34,109)	(17,720)	—	—
Net Derivative Amounts	Net Derivative Amounts	$ 38,369	$ 32,435	$ 148,878	$ 126,647
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) As of September 30, 2023, approximately $405,000 Approximately $426,000 and $3.2 million of accrued interest receivable is included in the fair value of interest rate and loan level derivative assets, respectively. Accrued respectively, at March 31, 2024, in comparison to accrued interest receivable of approximately $2.2 million is included in the fair value of loan level derivative assets $316,000 and $3.0 million, respectively, at December 31, 2022 December 31, 2023.

(4) Approximately $2.0 million $1.8 million and $3.2 million of accrued interest payable is included in the fair value of interest rate and loan level derivative liabilities, respectively, at September 30, 2023 March 31, 2024, in comparison to accrued interest payable of approximately $1.3 million $1.9 million and $2.2 million $3.0 million, respectively, at December 31, 2022 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 September 30		Nine Months Ended September 30	
		2023	2022	2023	2022
		(Dollars in thousands)			
		(Dollars in thousands)			
Derivatives designated as hedges	Derivatives designated as hedges				
Gain (loss) in OCI on derivatives (effective portion), net of tax		$ 202	$ (27,144)	$ 4,917	$ (52,743)
(Loss) gain reclassified from OCI into interest income or interest expense (effective portion)		$ (7,547)	$ 407	$ (20,806)	$ 8,427
(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)

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	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

Changes in fair value of customer related positions

Other income

Other income

Other income	Other income	$ 29	$ 26	$ 399	$ 147
Other expense	Other expense	(300)	(67)	(585)	(239)

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	Changes in fair value of mortgage derivatives				
Mortgage banking income	Mortgage banking income	(6)	41	146	(603)

Mortgage banking income

Mortgage banking income

Total	Total	$ (277)	$ —	$ (40)	$ (695)
Total					
Total					

The 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 September 30, 2023 March 31, 2024 and December 31, 2022 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 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 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 exposure relating to institutional counterparties was $157.1 million $117.5 million and $121.2 million $95.8 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The Company's exposure relating to customer counterparties was approximately $4,000 $313,000 and $2.2 million $5.6 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Credit exposure may be reduced by the value of collateral pledged by the counterparty.

NOTE 7 - 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 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 nine three months ended September 30, 2023 March 31, 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 September 30, 2023 March 31, 2024 and December 31, 2022 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") 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	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		September 30, 2023			
		(Dollars in thousands)			
Recurring fair value measurements	Recurring fair value measurements				
Assets	Assets				
Assets					
Assets					
Trading securities					
Trading securities					
Trading securities	Trading securities	$ 4,476	$ 4,476	$ —	$ —
Equity securities	Equity securities	21,475	21,475	—	—
Securities available for sale	Securities available for sale				
U.S. government agency securities					
U.S. government agency securities					
U.S. government agency securities	U.S. government agency securities	199,510	—	199,510	—
U.S. treasury securities	U.S. treasury securities	798,887	—	798,887	—
Agency mortgage-backed securities	Agency mortgage-backed securities	274,708	—	274,708	—
Agency collateralized mortgage obligations	Agency collateralized mortgage obligations	33,649	—	33,649	—
State, county, and municipal securities	State, county, and municipal securities	184	—	184	—
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					

Balance	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				
(Dollars in thousands)				

Pooled trust preferred securities issued by banks and insurers	Pooled trust preferred securities issued by banks and insurers	1,043	—	1,043	—
Small business administration pooled securities	Small business administration pooled securities	45,763	—	45,763	—
Loans held for sale	Loans held for sale	3,998	—	3,998	—
Derivative instruments	Derivative instruments	159,487	—	159,487	—
Liabilities	Liabilities				
Derivative instruments	Derivative instruments	204,971	—	204,971	—
Derivative instruments					
Derivative instruments					
Total recurring fair value measurements	Total recurring fair value measurements	$1,338,209	$ 25,951	$1,312,258	$ —
Nonrecurring fair value measurements	Nonrecurring fair value measurements				
Nonrecurring fair value measurements					
Nonrecurring fair value measurements					
Assets	Assets				
Assets					
Assets					
Individually assessed collateral dependent loans (1)					
Individually assessed collateral dependent loans (1)					
Individually assessed collateral dependent loans (1)	Individually assessed collateral dependent loans (1)	$ 11,991	$ —	$ —	$ 11,991
Total nonrecurring fair value measurements	Total nonrecurring fair value measurements	$ 11,991	$ —	$ —	$ 11,991
Total nonrecurring fair value measurements					
Total nonrecurring fair value measurements					

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	Fair Value Measurements at Reporting Date Using		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)
	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	December 31, 2022			
	(Dollars in thousands)			
	December 31, 2023			
	(Dollars in thousands)			
Recurring fair value measurements				
Recurring fair value measurements				
Assets				
Assets				
Assets				
Assets				
Trading securities				
Trading securities				
Trading securities				
Trading securities	$ 3,888	$ 3,888	$ —	$ —
Equity securities				
Equity securities	21,119	21,119	—	—
Securities available for sale				
Securities available for sale				
U.S. government agency securities				
U.S. government agency securities				
U.S. government agency securities				
U.S. government agency securities	202,300	—	202,300	—
U.S. treasury securities				
U.S. treasury securities	791,341	—	791,341	—
Agency mortgage-backed securities				
Agency mortgage-backed securities	313,688	—	313,688	—
Agency collateralized mortgage obligations				
Agency collateralized mortgage obligations	38,843	—	38,843	—
State, county, and municipal securities				
State, county, and municipal securities	191	—	191	—
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	Pooled trust preferred securities issued by banks and insurers	1,034	—	1,034	—
Small business administration pooled securities	Small business administration pooled securities	51,757	—	51,757	—
Loans held for sale	Loans held for sale	2,803	—	2,803	—
Derivative instruments	Derivative instruments	127,958	—	127,958	—
Liabilities	Liabilities				
Derivative instruments	Derivative instruments	179,911	—	179,911	—
Derivative instruments					
Derivative instruments					
Total recurring fair value measurements, net	Total recurring fair value measurements, net	$1,375,011	$ 25,007	$1,350,004	$ —
Nonrecurring fair value measurements	Nonrecurring fair value measurements				
Nonrecurring fair value measurements					
Nonrecurring fair value measurements					
Assets	Assets				
Assets					
Assets					
Individually assessed collateral dependent loans (1)					
Individually assessed collateral dependent loans (1)					
Individually assessed collateral dependent loans (1)	Individually assessed collateral dependent loans (1)	$ 16,092	$ —	$ —	$ 16,092
Total nonrecurring fair value measurements	Total nonrecurring fair value measurements	$ 16,092	$ —	$ —	$ 16,092
Total nonrecurring fair value measurements					
Total nonrecurring fair value measurements					

(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:

Fair Value Measurements at Reporting Date Using	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)	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)
		September 30, 2023					March 31, 2024				
		(Dollars in thousands)					(Dollars in thousands)				
Financial assets	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)											
Securities held to maturity (a)											
U.S. government agency securities											
U.S. government agency securities											
U.S. government agency securities	U.S. government agency securities	$ 29,961	$ 28,342	$ —	$ 28,342	$ —					
U.S. treasury securities	U.S. treasury securities	100,693	88,331	—	88,331	—					
Agency mortgage-backed securities	Agency mortgage-backed securities	839,945	741,995	—	741,995	—					
Agency collateralized mortgage obligations	Agency collateralized mortgage obligations	490,011	404,144	—	404,144	—					
Single issuer trust preferred securities issued by banks	Single issuer trust preferred securities issued by banks	1,500	1,335	—	1,335	—					
Single issuer trust preferred securities issued by banks											
Single issuer trust preferred securities issued by banks											
Small business administration pooled securities	Small business administration pooled securities	132,169	120,283	—	120,283	—					
Loans, net of allowance for credit losses (b)											
Loans, net of allowance for credit losses (b)											

Loans, net of allowance for credit losses (b)	Loans, net of allowance for credit losses (b)	14,071,675	13,102,058	—	—	13,102,058
Federal Home Loan Bank stock (c)	Federal Home Loan Bank stock (c)	43,878	43,878	—	43,878	—
Cash surrender value of life insurance policies (d)	Cash surrender value of life insurance policies (d)	295,670	295,670	—	295,670	—
Financial liabilities	Financial liabilities					
Deposit liabilities, other than time deposits (e)						
Deposit liabilities, other than time deposits (e)						
Deposit liabilities, other than time deposits (e)	Deposit liabilities, other than time deposits (e)	$13,046,763	$13,046,763	$ —	$ 13,046,763	$ —
Time certificates of deposits (f)	Time certificates of deposits (f)	2,012,763	1,990,899	—	1,990,899	—
Federal Home Loan Bank borrowings (f)	Federal Home Loan Bank borrowings (f)	887,548	886,799	—	886,799	—
Junior subordinated debentures (g)	Junior subordinated debentures (g)	62,857	57,347	—	57,347	—
Subordinated debentures (f)		49,957	45,990	—	—	45,990
Junior subordinated debentures (g)						
Junior subordinated debentures (g)						

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				Fair Value Measurements at Reporting Date Using					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)	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, 2022					December 31, 2023				
		(Dollars in thousands)					(Dollars in thousands)				
Financial assets	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)											
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)
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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. government agency securities	$ 31,258	$ 29,036	$ —	$ 29,036	$ —
U.S. treasury securities	U.S. treasury securities	100,634	88,879	—	88,879	—
Agency mortgage-backed securities	Agency mortgage-backed securities	898,927	815,952	—	815,952	—
Agency collateralized mortgage obligations	Agency collateralized mortgage obligations	535,971	458,417	—	458,417	—
Single issuer trust preferred securities issued by banks	Single issuer trust preferred securities issued by banks	1,500	1,508	—	1,508	—

Single issuer trust preferred securities issued by banks

Single issuer trust preferred securities issued by banks

Small business administration pooled securities	Small business administration pooled securities	136,830	130,918	—	130,918	—

Loans, net of allowance for credit losses (b)

Loans, net of allowance for credit losses (b)

Loans, net of allowance for credit losses (b)	Loans, net of allowance for credit losses (b)	13,760,164	13,260,873	—	—	13,260,873
Federal Home Loan Bank stock (c)	Federal Home Loan Bank stock (c)	5,218	5,218	—	5,218	—
Cash surrender value of life insurance policies (d)	Cash surrender value of life insurance policies (d)	293,323	293,323	—	293,323	—
Financial liabilities	Financial liabilities					
Deposit liabilities, other than time deposits (e)						
Deposit liabilities, other than time deposits (e)						
Deposit liabilities, other than time deposits (e)	Deposit liabilities, other than time deposits (e)	$14,683,266	$14,683,266	$ —	$ 14,683,266	$ —
Time certificates of deposits (f)	Time certificates of deposits (f)	1,195,741	1,164,892	—	1,164,892	—
Federal Home Loan Bank borrowings (f)	Federal Home Loan Bank borrowings (f)	637	563	—	563	—
Junior subordinated debentures (g)	Junior subordinated debentures (g)	62,855	60,002	—	60,002	—
Junior subordinated debentures (g)						
Junior subordinated debentures (g)						
Subordinated debentures (f)	Subordinated debentures (f)	49,885	45,891	—	—	45,891

(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) FHLB 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 - REVENUE RECOGNITION

A portion of the 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		Nine Months Ended	
		September 30 2023	**September 30 2022**	**September 30 2023**	**September 30 2022**
		(Dollars in thousands)			
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31 2024			
		March 31 2024			
		March 31 2024			
		(Dollars in thousands)			
		(Dollars in thousands)			
		(Dollars in thousands)			
Deposit account fees (inclusive of cash management fees)	Deposit account fees (inclusive of cash management fees)	$ 5,936	$ 6,261	$ 17,360	$ 17,582
Interchange fees	Interchange fees	3,026	2,833	8,822	8,043
Interchange fees					
Interchange fees					
ATM fees					
ATM fees					
ATM fees	ATM fees	1,202	1,066	3,140	2,900
Investment management - wealth management and advisory services	Investment management - wealth management and advisory services	8,674	7,834	25,717	23,563
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	1,572	602	4,656	2,875
Merchant processing income		370	412	1,272	1,140
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	Credit card income	536	495	1,584	1,341
Other noninterest income	Other noninterest income	1,407	1,782	4,412	4,650
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 in-scope of ASC 606	22,723	21,285	66,963	62,094
Total noninterest income out-of-scope of ASC 606	Total noninterest income out-of-scope of ASC 606	10,820	6,910	25,579	20,271
Total noninterest income out-of-scope of ASC 606					
Total noninterest income out-of-scope of ASC 606					
Total noninterest income	Total noninterest income	$ 33,543	$ 28,195	$ 92,542	$ 82,365
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 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:

	September 30, 2023	December 31, 2022
	(Dollars in thousands)	
Receivables, included in other assets	$ 5,291	$ 5,261

	March 31, 2024	December 31, 2023
	(Dollars in thousands)	
Receivables, included in other assets	$ 5,635	$ 5,509

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.

Merchant Payment Processing Income

The Company refers customers to third party merchant 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. Merchant 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 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.

1031 Exchange Fee Revenue

The Company provides like-kind exchange services pursuant to Section 1031 of the Internal Revenue Code. Fee income is recognized in conjunction with completing the exchange transactions.

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 - 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

Pre-Tax Amount

Pre-Tax Amount

Pre-Tax Amount

		Three Months Ended September 30, 2023			Nine Months Ended September 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	Change in fair value of securities available for sale	$(10,378)	$ 2,457	$(7,921)	$(3,186)	$ 882	$(2,304)	
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

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	Net change in fair value of securities available for sale	(10,378)	2,457	(7,921)	(3,186)	882	(2,304)
Change in fair value of cash flow hedges	Change in fair value of cash flow hedges	(7,266)	2,043	(5,223)	(13,966)	3,927	(10,039)
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	(7,547)	2,122	(5,425)	(20,806)	5,850	(14,956)
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	Net change in fair value of cash flow hedges	281	(79)	202	6,840	(1,923)	4,917
Amortization of net actuarial gains	Amortization of net actuarial gains	(137)	38	(99)	(411)	115	(296)
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	Amortization of net prior service costs	10	(3)	7	29	(8)	21
Net change in other comprehensive income for defined benefit postretirement plans (1)	Net change in other comprehensive income for defined benefit postretirement plans (1)	(127)	35	(92)	(382)	107	(275)
Total other comprehensive (loss) income		$(10,224)	$ 2,413	$(7,811)	$ 3,272	$ (934)	$ 2,338

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

	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022		
	Pre-Tax Amount	Tax (Expense) Benefit	After Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	After Tax Amount
	(Dollars in thousands)					
Change in fair value of securities available for sale	$(55,461)	$12,879	$(42,582)	$(167,814)	$38,942	$(128,872)
Less: net security losses reclassified into other noninterest expense	—	—	—	—	—	—

(Dollars in thousands)

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

	Pre-Tax Amount	Tax (Expense) Benefit	After Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	After Tax Amount
Net change in fair value of securities available for sale	(55,461)	12,879	(42,582)	(167,814)	38,942	(128,872)
Change in fair value of cash flow hedges	(37,357)	10,505	(26,852)	(64,963)	18,277	(46,686)
Less: net cash flow hedge gains reclassified into interest income or interest expense	407	(115)	292	8,427	(2,370)	6,057

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	Net change in fair value of cash flow hedges	(37,764)	10,620	(27,144)	(73,390)	20,647	(52,743)
Amortization of net actuarial losses		159	(45)	114	476	(134)	342
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	Amortization of net prior service costs	10	(3)	7	29	(8)	21
Net change in other comprehensive income for defined benefit postretirement plans (1)	Net change in other comprehensive income for defined benefit postretirement plans (1)	169	(48)	121	505	(142)	363
Total other comprehensive loss		$(93,056)	$23,451	$(69,605)	$(240,699)	$59,447	$(181,252)
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							

(1) The amortization of prior service costs is included in the computation of net periodic pension cost as disclosed in *Note 13 12 - Employee Benefit Plans* within the Notes to the Consolidated Financial Statements included in Item 8 of the Company's 2022 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 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				
	2023			
Beginning balance: January 1, 2023	$(128,657)	$(36,630)	$ 2,203	$ (163,084)
Net change in other comprehensive income (loss)	(2,304)	4,917	(275)	2,338
Ending balance: September 30, 2023	$(130,961)	$(31,713)	$ 1,928	$ (160,746)
	2022			
Beginning balance: January 1, 2022	$ (9,667)	$ 14,137	$ (2,287)	$ 2,183
Net change in other comprehensive income (loss)	(128,872)	(52,743)	363	(181,252)
Ending balance: September 30, 2022	$(138,539)	$(38,606)	$ (1,924)	$ (179,069)
Net change in other comprehensive income (loss)				
Net change in other comprehensive income (loss)				

Ending balance: March 31, 2023

NOTE 10 - 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:

		September 30, 2023	December 31, 2022		
March 31, 2024				March 31, 2024	December 31, 2023
		(Dollars in thousands)		(Dollars in thousands)	
Commitments to extend credit	Commitments to extend credit	$4,651,504	$4,566,041		
Loan exposures sold with recourse	Loan exposures sold with recourse	156,142	167,274		
Standby letters of credit	Standby letters of credit	24,093	24,941		
Deferred standby letter of credit fees	Deferred standby letter of credit fees	206	168		

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Lease Commitments

The Company leases office and parking space, space for offices, parking, and ATM locations, and 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, 2022 December 31, 2023. See the Company's 2022 2023 Form 10-K for information regarding leases and other commitments.

Other Contingencies

At September 30, 2023 March 31, 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, 2022 December 31, 2023, filed with the Securities and Exchange Commission (the "2022 "2023 Form 10-K").

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this "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 2022 2023 Form 10-K, include but are not limited to:

- *further weakening adverse economic conditions in the United States economy in general and 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 inflationary pressures, an increasingly competitive labor market, shortages including the possibility that the Company will have to devote significant resources to attract and supply chain issues; retain qualified personnel;*
- *the instability or volatility in financial markets and unfavorable domestic or global general economic, political or business conditions, globally, nationally or regionally, whether caused by geopolitical concerns, including the Russia/Ukraine conflict, the conflict in Israel and surrounding areas and the possible expansion of such conflicts, recent disruptions changes in the banking industry, U.S. and international trade policies, or other factors; 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 our the Company’s local economies or the Company's business caused by severe adverse weather pandemics 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;*
- *adverse changes in asset quality interest rates and any unanticipated credit deterioration 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 our loan portfolio including those related the ability of borrowers to one or more large commercial relationships; 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 bank failures and related the resulting need to invest in technology to meet heightened regulatory expectations, increased costs of compliance costs; 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;*
- *changes in market interest rates for interest earning assets and/or interest bearing liabilities;*
- *increased competition in the Company’s market areas;*
- *adverse weather, changes in climate, natural disasters, areas, including competition that could impact deposit gathering, retention of deposits and geopolitical concerns;*
- *the emergence cost of widespread health emergencies or pandemics, any further resurgences or variants of deposits, increased competition due to the "COVID-19 virus", actions taken by governmental authorities in response thereto, other public health crises or man-made events, demand for innovative products and their impact on the Company's local economies or the Company's operations; 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; 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; 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 including any such changes in laws and regulations as a result of recent disruptions in the banking industry, and the associated costs of such changes;*
- *the 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 cyber security threats, attacks, intrusions, and fraud which could lead to interruptions or intrusions disruptions of the Company's operating systems, including systems that could are customer facing, and adversely impact our businesses; and the Company's business;*
- *other any unexpected material adverse changes in our the 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				
		September 30 2023	**June 30 2023**	**March 31 2023**	**December 31 2022**	**September 30 2022**
		Three Months Ended				
		March 31 2024				
		March 31 2024				
		March 31 2024	**December 31 2023**	**September 30 2023**	**June 30 2023**	**March 31 2023**
		(Dollars in thousands, except per share data)				
		(Dollars in thousands, except per share data)				
Financial condition data	Financial condition data					
Securities						
Securities						
Securities	Securities	$2,973,974	$3,023,072	$3,109,950	$3,129,281	$3,147,123
Loans	Loans	14,224,235	14,139,911	13,947,952	13,928,675	13,700,350
Allowance for credit losses	Allowance for credit losses	(140,569)	(140,647)	(159,131)	(152,419)	(147,313)
Goodwill and other intangible assets	Goodwill and other intangible assets	1,004,897	1,006,609	1,008,325	1,010,140	1,012,006
Total assets	Total assets	19,368,109	19,400,931	19,442,402	19,294,174	19,703,269
Total deposits	Total deposits	15,059,526	15,248,051	15,272,172	15,879,007	16,338,994
Total borrowings	Total borrowings	1,000,362	901,269	992,393	113,377	113,360
Stockholders' equity	Stockholders' equity	2,885,408	2,854,914	2,830,909	2,886,701	2,817,201
Nonperforming loans	Nonperforming loans	39,171	45,702	56,235	54,881	56,017
Nonperforming assets	Nonperforming assets	39,281	45,812	56,235	54,881	56,017

Income statement	Income statement											
Interest income	Interest income	$ 202,928	$ 198,693	$ 186,935	$ 184,127	$ 169,971						
Interest income												
Interest income												
Interest expense	Interest expense	53,048	46,147	27,937	15,772	7,370						
Net interest income	Net interest income	149,880	152,546	158,998	168,355	162,601						
Provision for credit losses	Provision for credit losses	5,500	5,000	7,250	5,500	3,000						
Noninterest income	Noninterest income	33,543	30,757	28,242	32,302	28,195						
Noninterest expenses	Noninterest expenses	97,782	95,555	98,661	94,872	92,728						
Net income	Net income	60,808	62,644	61,247	77,043	71,897						
Per share data	Per share data											
Net income—basic	Net income—basic	$ 1.38	$ 1.42	$ 1.36	$ 1.69	$ 1.57						
Net income—basic												
Net income—basic												
Net income—diluted	Net income—diluted	1.38	1.42	1.36	1.69	1.57						
Cash dividends declared	Cash dividends declared	0.55	0.55	0.55	0.55	0.51						
Book value per share	Book value per share	65.37	64.69	64.17	63.25	61.73						
Tangible book value per share (1)	Tangible book value per share (1)	42.60	41.88	41.31	41.12	39.56						
Performance ratios	Performance ratios											
Return on average assets	Return on average assets	1.25 %	1.29 %	1.30 %	1.56 %	1.43 %						
Return on average assets												
Return on average assets								1.00 %	1.13 %	1.25 %	1.29 %	1.30 %
Return on average common equity	Return on average common equity	8.35 %	8.78 %	8.63 %	10.70 %	9.90 %	Return on average common equity	6.63 %	7.51 %	8.35 %	8.78 %	8.63 %
Net interest margin (on a fully tax equivalent basis)	Net interest margin (on a fully tax equivalent basis)	3.47 %	3.54 %	3.79 %	3.85 %	3.64 %	Net interest margin (on a fully tax equivalent basis)	3.23 %	3.38 %	3.47 %	3.54 %	3.79 %
Dividend payout ratio	Dividend payout ratio	39.92 %	38.87 %	40.99 %	30.21 %	32.78 %	Dividend payout ratio	49.36 %	44.30 %	39.92 %	38.87 %	40.99 %
Asset Quality Ratios	Asset Quality Ratios											
Nonperforming loans as a percent of gross loans	Nonperforming loans as a percent of gross loans	0.28 %	0.32 %	0.40 %	0.39 %	0.41 %						

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 %
Nonperforming assets as a percent of total assets	Nonperforming assets as a percent of total assets	0.20 %	0.24 %	0.29 %	0.28 %	0.28 %	Nonperforming assets as a percent of total assets	0.30 %	0.28 %	0.20 %	0.24 %	0.29 %
Allowance for credit losses as a percent of total loans	Allowance for credit losses as a percent of total loans	0.99 %	0.99 %	1.14 %	1.09 %	1.08 %	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 nonperforming loans	Allowance for credit losses as a percent of nonperforming loans	358.86 %	307.75 %	282.98 %	277.73 %	262.98 %	Allowance for credit losses as a percent of nonperforming loans	258.07 %	261.52 %	358.86 %	307.75 %	282.98 %
Capital ratios												

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Capital ratios												
Equity to assets												
Equity to assets												
Equity to assets	Equity to assets	14.90 %	14.72 %	14.56 %	14.96 %	14.30 %		14.92 %	14.96 %	14.90 %	14.72 %	14.56 %
Tangible equity to tangible assets (1)	Tangible equity to tangible assets (1)	10.24 %	10.05 %	9.89 %	10.26 %	9.66 %	Tangible equity to tangible assets (1)	10.27 %	10.31 %	10.24 %	10.05 %	9.89 %
Tier 1 leverage capital ratio	Tier 1 leverage capital ratio	11.12 %	10.85 %	10.78 %	10.99 %	10.51 %	Tier 1 leverage capital ratio	10.95 %	10.96 %	11.12 %	10.85 %	10.78 %
Common equity tier 1 capital ratio	Common equity tier 1 capital ratio	14.41 %	14.06 %	13.83 %	14.33 %	13.98 %	Common equity tier 1 capital ratio	14.16 %	14.19 %	14.41 %	14.06 %	13.83 %
Tier 1 risk-based capital ratio	Tier 1 risk-based capital ratio	14.41 %	14.06 %	13.83 %	14.33 %	13.98 %	Tier 1 risk-based capital ratio	14.16 %	14.19 %	14.41 %	14.06 %	13.83 %
Total risk-based capital ratio	Total risk-based capital ratio	16.12 %	15.76 %	15.66 %	16.11 %	15.71 %	Total risk-based capital ratio	15.57 %	15.91 %	16.12 %	15.76 %	15.66 %

(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).

Third First Quarter 2023 2024 Results

Net income for the three months ended September 30, 2023 March 31, 2024 was $60.8 million $47.8 million, or $1.38 $1.12 on a diluted earnings per share basis, as compared to $71.9 million $61.2 million, or $1.57 $1.36 on a diluted earnings per share basis, for the three months ended September 30, 2022, representing decreases of 15.4% and 12.1%, respectively, as the third March 31, 2023.

The 2024 first quarter of 2023 reflected solid overall business activity amidst a challenging environment, including results included the following key drivers:

- Disciplined loan growth; growth and solid pipelines;
- Seasonal deposit declines; stable product mix; growth with steady core household formation;
- Margin compression of 7 basis points; Net interest margin at 3.23%, within expectations;
- Stable nonperforming asset levels; minimal charge-offs;
- Solid core fee income growth; income;
- Nonperforming asset decrease; stable asset quality; Focused expense management;
- Prudent expense management; 53.3% efficiency ratio; Tangible book value per share growth of $0.21; and
- $0.72 tangible book value per share growth; and
- Robust capital levels; $100.0 million share repurchase authorization 31.0 million of stock repurchases, marking completion of the Company's $100 million buyback program.

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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 a decline in relatively consistent balances of total interest-earning assets, driven primarily with growth in the residential real estate portfolio offset by decreases in cash balances commensurate with deposit balance reductions. decreased securities balances. The following table summarizes the Company's average interest-earning assets as of the periods indicated: for each period presented:

2217

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 a management strategy of relying upon management's emphasis on core deposit growth to substantially fund loans. Total In conjunction with deposit growth during the first quarter of 2024, total borrowings increased decreased by $887.0 million $193.0 million at September 30, 2023 March 31, 2024 as compared to December 31, 2022 December 31, 2023, primarily driven by a reduction in response to deposit balance reductions and preemptive measures to bolster on-balance sheet liquidity in response to Federal Home Loan Bank borrowings. Additionally, the high deposit risk environment experienced across the banking industry during 2023. Company fully redeemed its outstanding subordinated debentures with an aggregate principal amount of $50.0 million. The following chart shows sources of funding and percentage of core deposits to total deposits for the trailing five quarters:

3095

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The Company's ratio of core deposits to total deposits decreased over the first three last five quarters, of 2023, 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 five quarters:

549755823521

(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:

3453

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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:

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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:

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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:

4717

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

The Company declared a quarterly cash dividend of $0.55 $0.57 per share for the third first quarter of 2023, 2024, representing an increase of 7.8% 3.6% from the 2022 third 2023 fourth quarter dividend rate of $0.51. $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, such as one-time adjustments as a result of changes in laws and regulations. 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 adjustments for noncore items for the periods indicated below and shows the reconciliation of non-GAAP measures:

	Nine Months Ended September 30			
	Net Income		Diluted Earnings Per Share	
	2023	2022	2023	2022
	(Dollars in thousands, except per share data)			
Net income available to common shareholders (GAAP)	$ 184,699	$ 186,770	$ 4.16	$ 4.00
Non-GAAP adjustments				
Noninterest expense components				
Add: merger and acquisition expenses	—	7,100	—	0.15
Noncore increases to income before taxes	—	7,100	—	0.15
Net tax benefit associated with noncore items (1)	—	(1,995)		(0.04)
Noncore increases to net income	—	5,105	—	0.11
Operating net income (Non-GAAP)	$ 184,699	$ 191,875	$ 4.16	$ 4.11

(1) The net tax benefit associated with noncore items is determined by assessing whether each noncore item is included or excluded from net taxable income and applying the Company's combined marginal tax rate to only those items included in net taxable income.

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:

		September 30 2023	June 30 2023	March 31 2023	December 31 2022	September 30 2022					
		(Dollars in thousands, except per share data)									
	March 31 2024										
		(Dollars in thousands, except per share data)									
		(Dollars in thousands, except per share data)									
		(Dollars in thousands, except per share data)									
Tangible common equity	Tangible common equity										
Tangible common equity											
Tangible common equity											
Stockholders' equity (GAAP)											
Stockholders' equity (GAAP)											
Stockholders' equity (GAAP)	Stockholders' equity (GAAP)	$ 2,885,408	$ 2,854,914	$ 2,830,909	$ 2,886,701	$ 2,817,201	(a)	$ 2,884,208	$	$ 2,895,251	$
Less: Goodwill and other intangibles	Less: Goodwill and other intangibles	1,004,897	1,006,609	1,008,325	1,010,140	1,012,006					

Tangible common equity (Non-GAAP)	Tangible common equity (Non-GAAP)	1,880,511	1,848,305	1,822,584	1,876,561	1,805,195	(b)						
Tangible common equity (Non-GAAP)													
Tangible common equity (Non-GAAP)										1,882,510			1,891,989
Tangible assets	Tangible assets												
Assets (GAAP)													
Assets (GAAP)													
Assets (GAAP)	Assets (GAAP)	19,368,109	19,400,931	19,442,402	19,294,174	19,703,269	(c)		19,324,613	19,347,373		19,347,373	
Less: Goodwill and other intangibles	Less: Goodwill and other intangibles	1,004,897	1,006,609	1,008,325	1,010,140	1,012,006							
Tangible assets (Non-GAAP)	Tangible assets (Non-GAAP)	$18,363,212	$18,394,322	$18,434,077	$18,284,034	$18,691,263	(d)						
Tangible assets (Non-GAAP)													
Tangible assets (Non-GAAP)										$ 18,322,915			$ 18,344,111
Common shares	Common shares	44,141,973	44,130,901	44,114,827	45,641,238	45,634,626	(e)	Common shares		42,452,457	42,873,187		42,873,187
Common equity to assets ratio (GAAP)													
Common equity to assets ratio (GAAP)													
Common equity to assets ratio (GAAP)	Common equity to assets ratio (GAAP)	14.90 %	14.72 %	14.56 %	14.96 %	14.30 %	(a/c)		14.92 %			14.96 %	
Tangible common equity to tangible assets ratio (Non-GAAP)	Tangible common equity to tangible assets ratio (Non-GAAP)	10.24 %	10.05 %	9.89 %	10.26 %	9.66 %	(b/d)	Tangible common equity to tangible assets ratio (Non-GAAP)		10.27 %			10.31 %
Book value per share (GAAP)	Book value per share (GAAP)	$ 65.37	$ 64.69	$ 64.17	$ 63.25	$ 61.73	(a/e)	Book value per share (GAAP)		$ 67.94	$		$ 67.53
Tangible book value per share (Non-GAAP)	Tangible book value per share (Non-GAAP)	$ 42.60	$ 41.88	$ 41.31	$ 41.12	$ 39.56	(b/e)	Tangible book value per share (Non-GAAP)		$ 44.34	$		$ 44.13

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 nine three months of 2023. 2024. Refer to "Critical Accounting Estimates" in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's 2022 2023 Form 10-K for a complete listing of critical accounting policies.

FINANCIAL POSITION

Securities Portfolio The Company's 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 securities, and equity securities related to certain employee benefit programs. The majority of these securities available for sale, 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 which management intends portfolio as a source of income and liquidity. Interest and principal payments generated from securities provide a source of liquidity to hold until maturity. Securities fund loans and meet short-term cash needs.

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Total securities decreased by $155.3 million $85.1 million, or 5.0% 2.9%, at September 30, 2023 March 31, 2024 as compared to December 31, 2022 December 31, 2023, driven primarily by paydowns, calls, maturities, and maturities. unrealized losses of $4.0 million in the available for sale portfolio. As a result, the Company's ratio of securities to total assets decreased to 15.4% 14.7% at September 30, 2023 March 31, 2024 compared to 16.2% 15.1% at December 31, 2022 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 Company's primary loan sale activity arises from Bank's residential mortgage loans are generally originated in compliance with terms, conditions and documentation which permit the sale of government sponsored enterprise eligible residential mortgage loans. The Company originates residential such loans with to investors in the intention of either selling them secondary market. Loan sales in the secondary market or holding them in provide funds for additional lending and other banking activities. Depending on market conditions, the Company's 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 nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

The Company experienced a lower volume of residential real estate loan sales for the three months ended March 31, 2024 as compared to the three months ended March 31, 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 September 30		Nine Months Ended September 30		
		2023	2022	2023	2022	
		(Dollars in thousands)				(Dollars in thousands)
Held in portfolio	Held in portfolio	$147,079	$165,065	$395,915	$571,115	
Sold or held for sale in the secondary market	Sold or held for sale in the secondary market	25,029	21,325	54,520	77,309	

Sold or held for sale in the secondary market

Sold or held for sale in the secondary market

Total closed loans	Total closed loans	$172,108	$186,390	$450,435	$648,424

Total closed loans

Total closed loans

Total residential real estate loan closings decreased during the quarter ended March 31, 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 prior year period, 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: indicated and the sale or retention of the related servicing rights:

Table 2 - Residential Mortgage Loan Sales

		Three Months Ended September 30		Nine Months Ended September 30	
		2023	2022	2023	2022
		(Dollars in thousands)			
		Three Months Ended March 31			
		Three Months Ended March 31			
		Three Months Ended March 31			
		2024			
		2024			
		2024			
		(Dollars in thousands)			
		(Dollars in thousands)			
		(Dollars in thousands)			
Sold with servicing rights released	Sold with servicing rights released	$ 27,579	$ 18,206	$ 53,293	$ 94,006
Sold with servicing rights retained (1)	Sold with servicing rights retained (1)	—	182	—	863
Sold with servicing rights retained (1)					
Sold with servicing rights retained (1)					
Total loans sold	Total loans sold	$ 27,579	$ 18,388	$ 53,293	$ 94,869
Total loans sold					
Total loans sold					

(1) All loans sold with servicing rights retained during the three and nine months ended September 30, 2022 above periods were sold without recourse.

When a loan is sold, the Company may decide to also sell the servicing of sold loans for a servicing release premium, simultaneously with the sale of the loan, or the Company may opt to sell the loan and retain the servicing. 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 $304.7 million $296.0 million, $327.5 million $298.8 million and $336.2 million $320.9 million at September 30, 2023 March 31, 2024, December 31, 2022 December 31, 2023, and September 30, 2022 March 31, 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 September 30		Nine Months Ended September 30		
		2023	2022	2023	2022	
		(Dollars in thousands)				(Dollars in thousands)
Balance at beginning of period	Balance at beginning of period	$2,772	$2,993	$2,947	$2,627	
Additions	Additions	—	2	—	8	
Additions						
Additions						
Amortization						
Amortization						
Amortization	Amortization	(111)	(153)	(375)	(510)	
Change in valuation allowance	Change in valuation allowance	124	103	213	820	
Change in valuation allowance						
Change in valuation allowance						
Balance at end of period	Balance at end of period	$2,785	$2,945	$2,785	$2,945	
Balance at end of period						
Balance at end of period						

See *Note 6, "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 Total loans The Company's total loan portfolio at September 30, 2023 March 31, 2024 increased by $295.6 million $52.5 million, or 2.1% (2.8% 0.4% (1.5% on an annualized basis), when compared to December 31, 2022 December 31, 2023. The 2024 first quarter growth was primarily within the commercial real estate loan portfolio, decreased reflecting transfers from the construction portfolio, modest new origination activity, and reduced levels of paydowns. The small business portfolio also continued its steady growth, rising by $8.8 million, or 0.1% 3.86% during the nine months ended September 30, 2023, reflecting reduced closing activity compared to prior years. On first quarter of 2024, while the total consumer side, the vast majority of residential real estate originations were retained on the balance sheet during the nine months ended September 30, 2023, resulting portfolios remained generally in growth of $302.6 million, or 14.9%, within the residential portfolio, as compared to December 31, 2022. line with prior quarter.

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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 September 30, 2023 March 31, 2024:

1281

(1) Included in the total commercial real estate balance are $1.4 billion, or 15.3%, of owner occupied commercial real estate loans.

		(Dollars in thousands)
Average loan size	$	1,618 1,623
Largest individual commercial real estate mortgage outstanding	$	62,156 61,493
Commercial real estate nonperforming loans/commercial real estate loans		0.27 %

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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 September 30, 2023 March 31, 2024:

330

		(Dollars in thousands)
Average loan size (excluding floor plan tranches)	$	418 399
Largest individual commercial and industrial loan outstanding	$	37,650 36,820
Commercial and industrial nonperforming loans/commercial and industrial loans		0.18 1.12 %

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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 $3.5 billion $3.6 billion at September 30, 2023 March 31, 2024, as noted below:

1082

		(Dollars in thousands)
Average loan size	$	109 111
Largest individual consumer loan outstanding	$	5,031 5,290
Consumer nonperforming loans/consumer loans		0.35 0.42 %

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. In the course of resolving such loans, the Company may choose to restructure the contractual terms of certain loans to match the borrower’s ability to repay the loan based on their current financial condition. 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 in certain instances and remains current for up to a minimum period of six months), 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 restructure 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 the restructuring of the loan 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 restructurings modifications are reviewed by the Company to identify if a borrower is deemed to be experiencing financial difficulty at time of the restructuring. modification.

It is the Company's policy to have any restructured loans which are on nonaccrual status prior to being modified remain on nonaccrual status for six months, subsequent to being modified, before management considers their return to accrual status. If the restructured loan is on accrual status prior to being modified, it is reviewed to determine if the modified loan should remain on accrual status.

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

	September 30 2023	December 31 2022	September 30 2022
		(Dollars in thousands)	
Loans accounted for on a nonaccrual basis			
Commercial and industrial	$ 2,953	$ 26,693	$ 27,393
Commercial real estate	23,867	15,730	15,982
Small business	372	104	50
Residential real estate	8,493	8,479	8,891
Home equity	3,411	3,400	3,485
Other consumer	72	475	216
Total (1)	$ 39,168	$ 54,881	$ 56,017
Loans past due 90 days or more but still accruing			
Other consumer	3	—	—
Total	$ 3	$ —	$ —
Total nonperforming loans	$ 39,171	$ 54,881	$ 56,017
Other real estate owned	110	—	—
Total nonperforming assets (1)	$ 39,281	$ 54,881	$ 56,017
Nonperforming loans as a percent of gross loans	0.28 %	0.39 %	0.41 %
Nonperforming assets as a percent of total assets	0.20 %	0.28 %	0.28 %

(1) Inclusive of troubled debt restructurings ("TDRs") on nonaccrual status of $11.5 million at December 31, 2022, and $1.5 million at September 30, 2022, in accordance with previously applicable accounting guidance.

	March 31 2024	December 31 2023	March 31 2023
		(Dollars in thousands)	
Loans accounted for on a nonaccrual basis			
Commercial and industrial	$ 17,640	$ 20,188	$ 26,343
Commercial real estate	24,213	22,952	18,038
Small business	316	398	242
Residential real estate	9,947	7,634	8,178

Home equity	4,805	3,171	3,282
Other consumer	20	40	129
Total	$ 56,941	$ 54,383	$ 56,212
Loans past due 90 days or more but still accruing			
Commercial real estate	—	—	—
Home equity	—	—	23
Total	$ —	$ —	$ 23
Total nonperforming loans	$ 56,941	$ 54,383	$ 56,235
Other real estate owned	110	110	—
Total nonperforming assets (1)	$ 57,051	$ 54,493	$ 56,235
Nonperforming loans as a percent of gross loans	0.40 %	0.38 %	0.40 %
Nonperforming assets as a percent of total assets	0.30 %	0.28 %	0.29 %

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

Table 5 - Activity in Nonperforming Assets

		Three Months Ended		Nine Months Ended	
		September 30 2023	September 30 2022	September 30 2023	September 30 2022
		(Dollars in thousands)			
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31 2024			
		March 31 2024			
		March 31 2024			
		(Dollars in thousands)			
		(Dollars in thousands)			
		(Dollars in thousands)			
Nonperforming assets beginning balance	Nonperforming assets beginning balance	$ 45,812	$ 55,915	$ 54,881	$ 27,820
New to nonperforming					
New to nonperforming					
New to nonperforming	New to nonperforming	3,455	30,650	26,889	67,226
Loans charged-off	Loans charged-off	(6,018)	(741)	(30,600)	(1,992)
Loans charged-off					
Loans charged-off					
Loans paid-off	Loans paid-off	(2,915)	(29,450)	(8,814)	(33,174)
Loans paid-off					
Loans paid-off					
Loans restored to performing status					
Loans restored to performing status					
Loans restored to performing status	Loans restored to performing status	(1,428)	(366)	(3,460)	(3,806)
Other	Other	375	9	385	(57)
Other					
Other					

Nonperforming assets ending balance	Nonperforming assets ending balance	$	39,281	$	56,017	$	39,281	$	56,017
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. 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 anticipates that over a reasonable and supportable period of 12 months. As of March 31, 2024, the forecast selected by management assumes that the Federal Reserve has finished tightening rates and will begin easing rates gradually in mid-2024, mid-2024, inflation will return to 2% target by the end of 2024, job growth will slow in 2024 with unemployment rising modestly, home prices will remain stable through 2024, and that the 10-year treasury yield will decline from recent highs and ease slightly until 2025, that the labor market will begin to weaken throughout 2024, that recent U.S. bank failures are not symptomatic of a serious broader problem in the financial system, that a decline in the commercial prices for office real estate price index will continue until 2025, generally decrease as uncertainty over occupancy and that home sales are expected to remain low reflecting a lack of inventory and high interest rates. 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 balance of allowance for credit losses decreased to $140.6 million as of September 30, 2023 compared to $152.4 million at December 31, 2022, driven primarily by outsized charge-offs on two large commercial loans, as shown in the table below, partially offset by net loan growth during the nine months ended September 30, 2023.

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 Net Charge-Offs/(Recoveries) to Average Loans Outstanding

	Net Charge-Offs/(Recoveries)
	Net Charge-Offs/(Recoveries)
	Net Charge-Offs/(Recoveries)
	(Dollars in thousands)
	(Dollars in thousands)
	(Dollars in thousands)
Three Months Ended March 31, 2024	
Commercial and industrial	
Commercial and industrial	

Commercial and industrial
Commercial real estate
Commercial real estate
Commercial real estate
Commercial construction
Commercial construction
Commercial construction
Small business
Small business
Small business
Residential real estate
Residential real estate
Residential real estate
Home equity
Home equity
Home equity
Other consumer (1)
Other consumer (1)
Other consumer (1)
Total
Total
Total

	Net Charge-Offs/(Recoveries)	Average Loans Outstanding	Ratio of Annualized Net Charge-Offs/(Recoveries) to Average Loans	Net Charge-Offs (Recoveries)	Average Loans Outstanding	Ratio of Annualized Net Charge-Offs/(Recoveries) to Average Loans
	Net Charge-Offs/ (Recoveries)					
	(Dollars in thousands)					
	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
Commercial and industrial (1)	$ (111)	$ 1,682,000	(0.03) %	$ 23,339	$ 1,662,459	1.88 %
	Net Charge-Offs/ (Recoveries)					

Net Charge-Offs/ (Recoveries)

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)

Three Months Ended March 31, 2023

Commercial and industrial
Commercial and industrial
Commercial and industrial
Commercial real estate
Commercial real estate

Commercial real estate / Commercial real estate	5,072	7,823,525	0.26 %	5,072	7,800,173	0.09 %

Commercial construction Commercial construction	—	1,007,814	— %	—	1,061,847	— %
Commercial construction						
Commercial construction						
Small business						
Small business						
Small business Small business	77	240,782	0.13 %	125	231,299	0.07 %
Residential real estate Residential real estate	—	2,276,882	— %	—	2,163,130	— %
Home equity	(12)	1,093,479	— %	(38)	1,092,304	— %
Other consumer	552	30,775	7.12 %	1,102	30,885	4.77 %
Total	$ 5,578	$ 14,155,257	0.16 %	$ 29,600	$ 14,042,097	0.28 %

(1) The increase in net charge-offs during the nine months ended September 30, 2023 was driven primarily by the full charge-off of a single large nonperforming commercial and industrial credit.

	Net Charge-Offs/ (Recoveries)	Average Loans Outstanding	Ratio of Annualized Net Charge-Offs/(Recoveries) to Average Loans	Net Charge-Offs (Recoveries)	Average Loans Outstanding	Ratio of Annualized Net Charge-Offs/(Recoveries) to Average Loans
	(Dollars in thousands)					
	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022		
Commercial and industrial	$ (2)	$ 1,520,924	— %	$ (44)	$ 1,531,421	— %
Commercial real estate	(268)	7,760,470	(0.01) %	(271)	7,832,534	— %
Commercial construction	—	1,157,876	— %	—	1,180,509	— %
Small business	(88)	207,546	(0.17) %	(88)	202,151	(0.06) %
Residential real estate						
Residential real estate Residential real estate	—	1,909,066	— %	—	1,774,355	— %
Home equity Home equity	(65)	1,076,040	(0.02) %	17	1,051,921	— %
Other consumer	429	31,883	5.34 %	995	31,092	4.28 %
Home equity						
Home equity						
Other consumer (1)						
Other consumer (1)						
Other consumer (1)						
Total Total	$ 6	$ 13,663,805	— %	$ 609	$ 13,603,983	0.01 %
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 loan portfolio into the portfolio segments detailed in the table below. 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

	September 30 2023		December 31 2022	
	Allowance Amount	Percent of Loans In Category To Total Loans	Allowance Amount	Percent of Loans In Category To Total Loans
	(Dollars in thousands)			
Commercial and industrial (1)	$ 16,934	11.6 %	$ 27,559	11.7 %
Commercial real estate	74,402	55.6 %	77,799	55.7 %
Commercial construction	8,830	6.8 %	10,762	8.3 %
Small business	3,914	1.7 %	2,834	1.6 %
Residential real estate	23,147	16.4 %	20,973	14.6 %
Home equity	12,546	7.7 %	11,504	7.8 %
Other consumer	796	0.2 %	988	0.3 %
Total allowance for credit losses	$ 140,569	100.0 %	$ 152,419	100.0 %

(1) Total loans in this category are inclusive of $5.1 million and $9.1 million in loans at September 30, 2023 and December 31, 2022, respectively, which were originated as part of the Paycheck Protection Program ("PPP") established by the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). These loans have been excluded from the credit loss calculations as these loans are 100% guaranteed by the U.S. Government.

	March 31 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
	(Dollars in thousands)					
Commercial and industrial	$ 20,489	13.9 %	11.0 %	$ 19,243	13.5 %	11.1 %
Commercial real estate	77,929	53.0 %	56.6 %	74,148	52.2 %	56.3 %
Commercial construction	7,573	5.2 %	5.8 %	7,683	5.4 %	6.0 %
Small business	4,028	2.7 %	1.8 %	3,963	2.8 %	1.8 %
Residential real estate	24,180	16.5 %	16.9 %	23,637	16.6 %	16.9 %
Home equity	12,042	8.2 %	7.7 %	12,797	9.0 %	7.7 %
Other consumer	707	0.5 %	0.2 %	751	0.5 %	0.2 %
Total	$ 146,948	100.0 %	100.0 %	$ 142,222	100.0 %	100.0 %

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, Allowance for Credit Losses and Credit Quality*" within the Notes to Consolidated Financial Statements included in Part I. Item 1 of this Report.

Federal Home Loan Bank Stock The 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 to $43.9 million$46.3 million at September 30, 2023March 31, 2024 compared to $5.2 million$43.6 million at December 31, 2022, driven by a net increase in FHLB borrowings of $886.9 million during the nine months of 2023. December 31, 2023.

Goodwill and Other Intangible Assets Goodwill and other intangible assets were $1.0 billion at both September 30, 2023March 31, 2024 and December 31, 2022December 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. In light of the turmoil experienced in the U.S. banking industry during the first half of 2023, and the related industry wide impact on bank stock valuations, Accordingly, the Company performed interim goodwill impairment tests as of March 31, 2023 and June 30, 2023, both of which determined that goodwill was not impaired. During the third quarter of 2023, the Company last performed its annual goodwill impairment testing during the third quarter of 2023, and determined that the Company's goodwill was not impaired as of September 30, 2023 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 third first quarter of 2023 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 $295.7 million $298.4 million at September 30, 2023 March 31, 2024 compared to $293.3 million $297.4 million at December 31, 2022, representing an increase of $2.3 million, or 0.8%, primarily due to income earned on the policies. December 31, 2023.

The Company recorded tax exempt income from life insurance policies of $2.0 million $1.9 million for each of the three months ended March 31, 2024 and $1.9 million 2023. There were $263,000 in gains on life insurance benefits recorded for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $5.8 million and $5.5 million for the nine months ended September 30, 2023 and 2022, respectively.

The Company recorded gains on life insurance benefits of $1.9 million and $477,000 $11,000 for the three months ended September 30, 2023 and 2022, respectively, and $2.1 million and $600,000 for the nine months ended September 30, 2023 and 2022, respectively. March 31, 2023.

Deposits As of September 30, 2023 March 31, 2024, total deposits were $15.1 billion $15.0 billion, representing an $819.5 million $177.7 million, or 5.2% 1.2%, decrease increase from December 31, 2022, December 31, 2023. This increase was primarily reflective driven by municipal deposit inflows and consumer demand for higher cost time deposits, partially offset by seasonal business deposit outflows. Though some level of industry wide dislocations occurring during the first quarter product remixing persists, total noninterest bearing demand deposits comprised 29.71% of 2023 and seasonal declines in municipal accounts during the third quarter of 2023, coupled with an overall competitive rate environment and a redeployment of customer excess liquidity due to inflationary and other factors. total deposits at March 31, 2024. The total cost of deposits was 1.07% 1.48% and 0.15% 0.59% for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and 0.84% and 0.08% for the nine months ended September 30, 2023 and 2022, 2023, respectively. The increase in the cost of deposits was a result of the higher rate environment driven by the Federal Reserve's rate hikes over the latter half of 2022 and 2023.

The Company's deposits are comprised primarily of core deposits (demand, savings and money market), as well as time deposits. Core The Company's ratio of core deposits to total deposits represented 80.5% 83.2% and 87.9% 84.6% of total deposits as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, with the 2023 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 $100.9 million $91.0 million and $102.6 million $100.9 million outstanding at September 30, 2023 March 31, 2024 and December 31, 2022 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 $920.4 million $933.0 million and $653.6 million $959.1 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The estimated balance of uninsured deposits at the Bank were $4.7 billion and $5.4 billion $4.6 billion as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Included in these amounts are $700.4 million $798.9 million and $605.0 million $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 at September 30, 2023 March 31, 2024, representing an increase a decrease of $887.0 million $193.0 million as compared to December 31, 2022, December 31, 2023. This decrease was driven primarily by a reduction in Federal Home Loan Bank borrowings of $143.0 million, in conjunction with deposit balance reductions.

growth during the quarter. Additionally, the Company fully redeemed its outstanding subordinated debentures with an aggregate principal amount of $50.0 million during the quarter.

The Company had $8.5 billion and $4.4 billion of assets pledged as collateral against borrowings at September 30, 2023 both March 31, 2024 and December 31, 2022 December 31, 2023, respectively. These assets are primarily pledged to the FHLB of Boston and the Federal Reserve Bank of Boston and pledged amounts were proactively increased by management during the first quarter of 2023 as part of the Company's strategy to bolster off-balance sheet liquidity in response to recent industry events. Boston.

Capital Resources On September 21, 2023 March 21, 2024 the Company's Board of Directors declared a cash dividend of $0.55 $0.57 per share to shareholders of record as of the close of business on October 2, 2023 April 1, 2024. This dividend was paid on October 6, 2023 April 5, 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 September 30, 2023 March 31, 2024 and December 31, 2022 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	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
		September 30, 2023					
		(Dollars in thousands)					
Company (consolidated)	Company (consolidated)						
Total capital (to risk weighted assets)	Total capital (to risk weighted assets)	$2,301,466	16.12 %	$1,142,219	≥ 8.0 %	N/A	N/A
Common equity tier 1 capital (to risk weighted assets)		2,057,638	14.41 %	642,498	≥ 4.5 %	N/A	N/A
Tier 1 capital (to risk weighted assets)		2,057,638	14.41 %	856,664	≥ 6.0 %	N/A	N/A
Tier 1 capital (to average assets)		2,057,638	11.12 %	740,271	≥ 4.0 %	N/A	N/A
Bank							
Total capital (to risk weighted assets)	Total capital (to risk weighted assets)	$2,172,447	15.21 %	$1,142,972	≥ 8.0 %	$1,428,715	≥ 10.0 %
Common equity tier 1 capital (to risk weighted assets)		2,039,576	14.28 %	642,922	≥ 4.5 %	928,665	≥ 6.5 %
Tier 1 capital (to risk weighted assets)		2,039,576	14.28 %	857,229	≥ 6.0 %	1,142,972	≥ 8.0 %
Tier 1 capital (to average assets)		2,039,576	11.01 %	740,852	≥ 4.0 %	926,066	≥ 5.0 %
		December 31, 2022					
		(Dollars in thousands)					
Company (consolidated)							
Total capital (to risk weighted assets)	Total capital (to risk weighted assets)	$2,311,824	16.11 %	$1,148,328	≥ 8.0 %	N/A	N/A
Common equity tier 1 capital (to risk weighted assets)	Common equity tier 1 capital (to risk weighted assets)	2,057,099	14.33 %	645,935	≥ 4.5 %	N/A	N/A

	Actual			For Capital Adequacy Purpose	
	Amount	Ratio		Amount	
	March 31, 2024				
	(Dollars in thousands)				
	$ 2,217,952	15.57	15.57 %	$1,139,815	≥
Common equity tier 1 capital (to risk weighted assets)	2,017,183	14.16	14.16 %	641,146	≥

Tier 1 capital (to risk weighted assets)	Tier 1 capital (to risk weighted assets)	2,057,099	14.33 %	861,246	≥ 6.0 %	N/A	N/A	Tier 1 capital (to risk weighted assets)	2,017,183	14.16	14.16 %	854,861 ≥
Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	2,057,099	10.99 %	748,775	≥ 4.0 %	N/A	N/A	Tier 1 capital (to average assets)	2,017,183	10.95	10.95 %	736,772 ≥
Bank	Bank											
Total capital (to risk weighted assets)	Total capital (to risk weighted assets)	$2,162,752	15.07 %	$1,148,329	≥ 8.0 %	$1,435,411	≥ 10.0 %					
Total capital (to risk weighted assets)												
Total capital (to risk weighted assets)									$2,192,088		15.38 %	$ 1,139,927
Common equity tier 1 capital (to risk weighted assets)	Common equity tier 1 capital (to risk weighted assets)	2,018,912	14.07 %	645,935	≥ 4.5 %	933,017	≥ 6.5 %	Common equity tier 1 capital (to risk weighted assets)	2,052,319	14.40	14.40 %	641,209 ≥
Tier 1 capital (to risk weighted assets)	Tier 1 capital (to risk weighted assets)	2,018,912	14.07 %	861,247	≥ 6.0 %	1,148,329	≥ 8.0 %	Tier 1 capital (to risk weighted assets)	2,052,319	14.40	14.40 %	854,945 ≥
Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	2,018,912	10.78 %	748,828	≥ 4.0 %	936,036	≥ 5.0 %	Tier 1 capital (to average assets)	2,052,319	11.12	11.12 %	738,358 ≥

		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 %	$ 1,140,554
Common equity tier 1 capital (to risk weighted assets)	Common equity tier 1 capital (to risk weighted assets)	2,022,873	14.19 %	641,562

Tier 1 capital (to risk weighted assets)	Tier 1 capital (to risk weighted assets)	2,022,873	14.19	%		855,416
Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	2,022,873	10.96	%		737,984
Bank						
Total capital (to risk weighted assets)						
Total capital (to risk weighted assets)						
Total capital (to risk weighted assets)		$2,183,436	15.32	%	$	1,140,550
Common equity tier 1 capital (to risk weighted assets)	Common equity tier 1 capital (to risk weighted assets)	2,048,426	14.37	%		641,559
Tier 1 capital (to risk weighted assets)	Tier 1 capital (to risk weighted assets)	2,048,426	14.37	%		855,412
Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	2,048,426	11.10	%		738,055

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 September 30, 2023 March 31, 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 $56.0 million $47.9 million and $64.5 million $66.4 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively and totaled $178.2 million and $142.7 million for the nine months ended September 30, 2023 and 2022, 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 each of September 30, 2023 both March 31, 2024 and December 31, 2022 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

	September 30 2023	December 31 2022	September 30 2022
	(Dollars in thousands)		
Assets under administration	$6,120,462	$5,792,857	$5,091,592
Number of trust, fiduciary and agency accounts	6,545	6,459	6,487

	March 31 2024	March 31 2024	December 31 2023	March 31 2023
	(Dollars in thousands)			(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 $8.7 million $9.1 million and $7.8 million $8.2 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively and $25.7 million and $23.6 million for the nine months ended September 30, 2023 and 2022, 2023, respectively. Total assets under administration at September 30, 2023 March 31, 2024 were $6.1 billion $6.8 billion, including $562.1 million $396.9 million of investment solutions designed by Rockland Trust that are administered and executed through its agreement with LPL Financial ("LPL"), compared to $5.8 billion $6.5 billion and $603.7 million $383.0 million, respectively, at December 31, 2022 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are assets under administration of $418.5 million $484.8 million and $390.1 million $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 $1.6 million $861,000 and $601,000 $1.6 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $4.7 million and $2.9 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

RESULTS OF OPERATIONS

The following table provides a summary of results of operations for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

Table 10 - Summary of Results of Operations

	Three Months Ended September 30 2023	Three Months Ended September 30 2022	Nine Months Ended September 30 2023	Nine Months Ended September 30 2022
	(Dollars in thousands, except per share data)			
Net income	$60,808	$71,897	$184,699	$186,770
Diluted earnings per share	$ 1.38	$ 1.57	$ 4.16	$ 4.00

	(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	1.25 %	1.43 %	1.28 %	1.25 %
Return on average equity	Return on average equity	8.35 %	9.90 %	8.58 %	8.51 %
Return on average equity					
Return on average equity					
Net interest margin	Net interest margin	3.47 %	3.64 %	3.60 %	3.33 %
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"), net interest income for the third first quarter of 2023 2024 was $151.0 million $138.6 million, representing a decrease of $12.6 million $21.5 million, or 7.7% 13.4%, when compared to the third first quarter of 2022, 2023, as rising deposit cost increases outpaced asset repricing. For costs continued to counter the nine months ended September 30, 2023, the net interest income on benefit of repriced assets, resulting in a FTE basis was $464.8 million, representing an increase of $16.9 million, or 3.8%, when compared to the nine months ended September 30, 2022. The year-over-year increase reduction in net interest income was primarily attributable margin of 56 basis points to 3.23% for the positive impact first quarter of asset repricing in the rising rate environment, partially offset by higher funding costs from elevated deposit pricing as well as increased borrowings assumed by the Company during the nine months ended September 30, 2023. 2024.

The following tables present the Company's average balances, net interest income, interest rate spread, and net interest margin for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 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 September 30						Three Months Ended March 31	
		2023			2022			2024	
		Average Balance	Interest Earned/ Paid	Yield/Rate	Average Balance	Interest Earned/ Paid	Yield/Rate	Average Balance	Interest Earned/ Paid
		(Dollars in thousands)						(Dollars in tho	
Interest-earning assets	**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	$ 89,449	$ 905	4.01 %	$ 1,156,143	$ 6,519	2.24 %					
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	
Securities	Securities											
Securities - trading												
Securities - trading												
Securities - trading	Securities - trading	4,546	—	— %	3,730	—	— %		4,779	—	—	—
Securities - taxable investments	Securities - taxable investments	3,000,736	14,817	1.96 %	3,024,802	13,243	1.74 %	Securities - taxable investments	2,867,460	14,231	14,231	2.00
Securities - nontaxable investments (1)	Securities - nontaxable investments (1)	188	1	2.11 %	196	1	2.02 %	Securities - nontaxable investments (1)	190	2	2	4.23
Total securities	Total securities	$ 3,005,470	$ 14,818	1.96 %	$ 3,028,728	$ 13,244	1.73 %	Total securities	$ 2,872,429	$	$ 14,233	1.99
Loans held for sale	Loans held for sale	4,072	60	5.85 %	4,263	51	4.75 %	Loans held for sale	7,095	104	104	5.90
Loans (2)	Loans (2)											
Commercial and industrial (1)												
Commercial and industrial (1)												
Commercial and industrial (1)	Commercial and industrial (1)	1,682,000	30,739	7.25 %	1,520,924	19,289	5.03 %		1,559,978	27,629	27,629	7.12
Commercial real estate (1)	Commercial real estate (1)	7,823,525	94,861	4.81 %	7,760,470	85,284	4.36 %	Commercial real estate (1)	8,110,813	102,054	102,054	5.06
Commercial construction	Commercial construction	1,007,814	16,829	6.62 %	1,157,876	14,875	5.10 %	Commercial construction	842,480	15,421	15,421	7.36
Small business	Small business	240,782	3,752	6.18 %	207,546	2,819	5.39 %	Small business	257,022	4,160	4,160	6.51
Total commercial	Total commercial	10,754,121	146,181	5.39 %	10,646,816	122,267	4.56 %	Total commercial	10,770,293	149,264	149,264	5.57
Residential real estate	Residential real estate	2,276,882	23,197	4.04 %	1,909,066	16,533	3.44 %	Residential real estate	2,418,617	26,083	26,083	4.34
Home equity	Home equity	1,093,479	18,313	6.64 %	1,076,040	11,869	4.38 %	Home equity	1,094,856	18,444	18,444	6.78
Total consumer real estate	Total consumer real estate	3,370,361	41,510	4.89 %	2,985,106	28,402	3.77 %	Total consumer real estate	3,513,473	44,527	44,527	5.10
Other consumer	Other consumer	30,775	608	7.84 %	31,883	523	6.51 %	Other consumer	30,669	609	609	7.99
Total loans	Total loans	$14,155,257	$188,299	5.28 %	$13,663,805	$151,192	4.39 %	Total loans	$14,314,435	$	$194,400	5.46

Total interest-earning assets	Total interest-earning assets	$17,254,248	$204,082	4.69 %	$17,852,939	$171,006	3.80 %	Total interest-earning assets	$17,244,542	$	$209,220	4.88
Cash and due from banks	Cash and due from banks	184,003			192,003							
Federal Home Loan Bank stock	Federal Home Loan Bank stock	38,252			5,745							
Federal Home Loan Bank stock												
Federal Home Loan Bank stock												
Other assets												
Other assets												
Other assets	Other assets	1,859,099			1,854,870							
Total assets	Total assets	$19,335,602			$19,905,557							
Total assets												
Total assets												
Interest-bearing liabilities												
Interest-bearing liabilities												
Interest-bearing liabilities	**Interest-bearing liabilities**											
Deposits	Deposits											
Deposits												
Deposits												
Savings and interest checking accounts												
Savings and interest checking accounts												
Savings and interest checking accounts	Savings and interest checking accounts	$ 5,393,209	$ 11,860	0.87 %	$ 6,224,690	$ 2,110	0.13 %	$	5,165,866	$	$14,856	1.16
Money market	Money market	2,945,450	13,709	1.85 %	3,459,212	3,025	0.35 %	Money market	2,844,014	15,991	15,991	2.26
Time deposits	Time deposits	1,860,440	15,144	3.23 %	1,246,841	974	0.31 %	Time deposits	2,297,219	23,473	23,473	4.11
Total interest-bearing deposits	Total interest-bearing deposits	$10,199,099	$ 40,713	1.58 %	$10,930,743	$ 6,109	0.22 %	Total interest-bearing deposits	$10,307,099	$	$ 54,320	2.12
Borrowings	Borrowings											
Federal Home Loan Bank borrowings	Federal Home Loan Bank borrowings	$ 869,646	$ 10,568	4.82 %	$ 12,876	$ 55	1.69 %					
Federal Home Loan Bank borrowings												
Federal Home Loan Bank borrowings									$ 1,185,296		$ 14,631	
Junior subordinated debentures												

Junior subordinated debentures														
Junior subordinated debentures	Junior subordinated debentures	62,857	1,150	7.26 %	62,854	589	3.72 %		62,858		1,147	1,147		7.34
Subordinated debentures	Subordinated debentures	49,944	617	4.90 %	49,847	617	4.91 %	Subordinated debentures	40,651		508	508		5.03
Total borrowings	Total borrowings	$ 982,447	$ 12,335	4.98 %	$ 125,577	$ 1,261	3.98 %	Total borrowings	$ 1,288,805	$		$ 16,286		5.08

Total interest-bearing liabilities	Total interest-bearing liabilities	$11,181,546	$ 53,048	1.88 %	$11,056,320	$ 7,370	0.26 %	Total interest-bearing liabilities	$11,595,904	$	$70,606	2.45	2.45 %	$10,693,832
Noninterest bearing demand deposits	Noninterest bearing demand deposits	4,883,009			5,641,742									
Other liabilities	Other liabilities	381,483			325,507									
Other liabilities														
Other liabilities														
Total liabilities														
Total liabilities														
Total liabilities	Total liabilities	$16,446,038			$17,023,569									
Stockholders' equity	Stockholders' equity	2,889,564			2,881,988									
Stockholders' equity														
Stockholders' equity														
Total liabilities and stockholders' equity														
Total liabilities and stockholders' equity														
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$19,335,602			$19,905,557									
Net interest income (1)	Net interest income (1)		$151,034			$163,636								
Net interest income (1)														
Net interest income (1)														
Interest rate spread (3)														
Interest rate spread (3)														
Interest rate spread (3)	Interest rate spread (3)			2.81 %			3.54 %					2.43 %		
Net interest margin (4)	Net interest margin (4)			3.47 %			3.64 %	Net interest margin (4)				3.23 %		
Supplemental information	**Supplemental information**													
Total deposits, including demand deposits	Total deposits, including demand deposits	$15,082,108	$ 40,713		$16,572,485	$ 6,109								

Total deposits, including demand deposits								
Total deposits, including demand deposits								
Cost of total deposits								
Cost of total deposits								
Cost of total deposits	Cost of total deposits			1.07 %			0.15 %	1.48 %
Total funding liabilities, including demand deposits	Total funding liabilities, including demand deposits	$16,064,555	$ 53,048		$16,698,062	$ 7,370		
Cost of total funding liabilities	Cost of total funding liabilities			1.31 %			0.18 %	
Cost of total funding liabilities								
Cost of total funding liabilities								1.77 %

(1) The total amount of adjustment to interest income and yield on a FTE basis was $1.2 million and $1.0 million $1.1 million for the three months ended September 30, 2023 March 31, 2024 and 2022, 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

	Nine Months Ended September 30					
	2023			2022		
	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	$ 144,558	$ 4,882	4.52 %	$ 1,477,117	$ 10,222	0.93 %
Securities						
Securities - trading	4,377	—	— %	3,775	—	— %
Securities - taxable investments	3,062,745	45,707	2.00 %	2,881,203	34,567	1.60 %
Securities - nontaxable investments (1)	191	5	3.50 %	198	5	3.38 %
Total securities	$ 3,067,313	$ 45,712	1.99 %	$ 2,885,176	$ 34,572	1.60 %
Loans held for sale	3,180	133	5.59 %	5,841	150	3.43 %
Loans (2)						
Commercial and industrial (1)	1,662,459	86,762	6.98 %	1,531,421	53,816	4.70 %
Commercial real estate (1)	7,800,173	276,255	4.74 %	7,832,534	238,085	4.06 %
Commercial construction	1,061,847	50,508	6.36 %	1,180,509	40,599	4.60 %
Small business	231,299	10,472	6.05 %	202,151	7,891	5.22 %
Total commercial	10,755,778	423,997	5.27 %	10,746,615	340,391	4.23 %
Residential real estate	2,163,130	63,498	3.92 %	1,774,355	45,109	3.40 %
Home equity	1,092,304	51,951	6.36 %	1,051,921	29,709	3.78 %
Total consumer real estate	3,255,434	115,449	4.74 %	2,826,276	74,818	3.54 %
Other consumer	30,885	1,751	7.58 %	31,092	1,519	6.53 %

Total loans	$ 14,042,097	$ 541,197	5.15 %	$ 13,603,983	$ 416,728	4.10 %
Total interest-earning assets	$ 17,257,148	$ 591,924	4.59 %	$ 17,972,117	$ 461,672	3.43 %
Cash and due from banks	181,380			184,754		
Federal Home Loan Bank stock	32,615			7,780		
Other assets	1,843,564			1,853,818		
Total assets	$ 19,314,707			$ 20,018,469		
Interest-bearing liabilities						
Deposits						
Savings and interest checking accounts	$ 5,545,951	$ 28,758	0.69 %	$ 6,224,317	$ 3,418	0.07 %
Money market	3,079,942	36,433	1.58 %	3,517,459	4,191	0.16 %
Time deposits	1,596,889	30,106	2.52 %	1,355,861	2,718	0.27 %
Total interest-bearing deposits	$ 10,222,782	$ 95,297	1.25 %	$ 11,097,637	$ 10,327	0.12 %
Borrowings						
Federal Home Loan Bank borrowings	$ 747,640	$ 26,788	4.79 %	$ 21,361	$ 311	1.95 %
Long-term borrowings	—	—	— %	2,988	31	1.39 %
Junior subordinated debentures	62,856	3,195	6.80 %	62,854	1,298	2.76 %
Subordinated debentures	49,921	1,852	4.96 %	49,824	1,852	4.97 %
Total borrowings	$ 860,417	$ 31,835	4.95 %	$ 137,027	$ 3,492	3.41 %
Total interest-bearing liabilities	$ 11,083,199	$ 127,132	1.53 %	$ 11,234,664	$ 13,819	0.16 %
Noninterest bearing demand deposits	4,990,869			5,544,476		
Other liabilities	363,989			303,308		
Total liabilities	$ 16,438,057			$ 17,082,448		
Stockholders' equity	2,876,650			2,936,021		
Total liabilities and stockholders' equity	$ 19,314,707			$ 20,018,469		
Net interest income (1)		$ 464,792			$ 447,853	
Interest rate spread (3)			3.06 %			3.27 %
Net interest margin (4)			3.60 %			3.33 %
Supplemental information						
Total deposit, including demand deposits	$ 15,213,651	$ 95,297		$ 16,642,113	$ 10,327	
Cost of total deposits			0.84 %			0.08 %
Total funding liabilities, including demand deposits	$ 16,074,068	$ 127,132		$ 16,779,140	$ 13,819	
Cost of total funding liabilities			1.06 %			0.11 %

(1) The total amount of adjustment to present interest income and yield on a FTE basis was $3.4 million and $3.0 million for the nine months ended September 30, 2023 and 2022, 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 13 12 - Volume Rate Analysis

	Three Months Ended September 30	Nine Months Ended September 30
	Three Months Ended March 31	

Three Months Ended March 31

Three Months Ended March 31

2024 Compared To 2023

2024 Compared To 2023

2024 Compared To 2023

Change Due to Rate

Change Due to Rate

Change Due to Rate

	2023 Compared To 2022			2023 Compared To 2022		
	Change Due to Rate	Change Due to Volume	Total Change	Change Due to Rate	Change Due to Volume	Total Change
	(Dollars in thousands)					
Income on interest-earning assets						
Interest earning deposits, federal funds sold and short term investments	$ 401	$(6,015)	$ (5,614)	$ 3,882	$(9,222)	$ (5,340)
Securities						
Securities - taxable investments	1,679	(105)	1,574	8,962	2,178	11,140
Securities - nontaxable investments (1)	—	—	—	—	—	—
Total securities			1,574			11,140

(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 held for sale	11	(2)	9	51	(68)	(17)
Loans	Loans						
Loans							
Loans							
Commercial and industrial (1)							
Commercial and industrial (1)							
Commercial and industrial (1)	Commercial and industrial (1)	9,407	2,043	11,450	28,341	4,605	32,946
Commercial real estate (1)	Commercial real estate (1)	8,884	693	9,577	39,154	(984)	38,170
Commercial real estate (1)							
Commercial real estate (1)							
Commercial construction							
Commercial construction							
Commercial construction	Commercial construction	3,882	(1,928)	1,954	13,990	(4,081)	9,909
Small business	Small business	482	451	933	1,443	1,138	2,581
Small business							
Small business							
Total commercial							
Total commercial							
Total commercial	Total commercial			23,914			83,606
Residential real estate	Residential real estate	3,479	3,185	6,664	8,505	9,884	18,389
Residential real estate							
Residential real estate							
Home equity							
Home equity							
Home equity	Home equity	6,252	192	6,444	21,101	1,141	22,242
Total consumer real estate	Total consumer real estate			13,108			40,631
Total consumer real estate							
Total consumer real estate							
Other consumer							
Other consumer							
Other consumer	Other consumer	103	(18)	85	242	(10)	232
Total loans (1)(2)	Total loans (1)(2)			37,107			124,469
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	Total income of interest-earning assets			$ 33,076			$130,252
Expense of interest-bearing liabilities	**Expense of interest-bearing liabilities**						
Expense of interest-bearing liabilities							
Expense of interest-bearing liabilities							
Deposits							
Deposits							
Deposits	Deposits						
Savings and interest checking accounts	Savings and interest checking accounts	$10,032	$ (282)	$ 9,750	$25,713	$ (373)	$ 25,340
Savings and interest checking accounts							
Savings and interest checking accounts							
Money market							
Money market							
Money market	Money market	11,133	(449)	10,684	32,763	(521)	32,242
Time certificates of deposits	Time certificates of deposits	13,691	479	14,170	26,905	483	27,388
Time certificates of deposits							
Time certificates of deposits							
Total interest bearing deposits							
Total interest bearing deposits							
Total interest bearing deposits	Total interest bearing deposits			34,604			84,970
Borrowings	Borrowings						
Borrowings							
Borrowings							
Federal Home Loan Bank borrowings							
Federal Home Loan Bank borrowings							

Federal Home Loan Bank borrowings	Federal Home Loan Bank borrowings	6,853	3,660	10,513	15,903	10,574	26,477
Long-term borrowings	Long-term borrowings	—	—	—	—	(31)	(31)
Long-term borrowings							
Long-term borrowings							
Junior subordinated debentures							
Junior subordinated debentures							
Junior subordinated debentures	Junior subordinated debentures	561	—	561	1,897	—	1,897
Subordinated debentures	Subordinated debentures	(1)	1	—	(4)	4	—
Subordinated debentures							
Subordinated debentures							
Total borrowings							
Total borrowings							
Total borrowings	Total borrowings			11,074			28,343
Total expense of interest-bearing liabilities	Total expense of interest-bearing liabilities			45,678			113,313
Total expense of interest-bearing liabilities							
Total expense of interest-bearing liabilities							
Change in net interest income	Change in net interest income			$(12,602)			$ 16,939
Change in net interest income							
Change in net interest income							

(1) Reflects income determined on a FTE basis. See footnote (1) to Tables Table 11 and 12 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 appropriate adequate level of allowance for credit losses. The Company recorded a provision for credit loss losses of $5.5 million $5.0 million and $17.8 million for the three and nine months ended September 30, 2023, respectively, as compared to $3.0 million provision $7.3 million for the three months ended September 30, 2022 March 31, 2024 and $1.0 million for the nine months ended September 30, 2022. The provision for credit losses in 2023 was driven primarily by outsized charge-offs on two large commercial loans as well as net loan growth during the nine months ended September 30, 2023. March 31, 2023, respectively.

The Company's allowance for credit losses, as a percentage of total loans, was 0.99% 1.03% at March 31, 2024, 1.09% 1.00% at December 31, 2023, and 1.08% 1.14% at September 30, 2023, December 31, 2022, and September 30, 2022, respectively. March 31, 2023. Refer to *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, 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 14 13 - Noninterest Income

	Three Months Ended			
	September 30		Change	
	2023	2022	Amount	%
	(Dollars in thousands)			
Deposit account fees	$ 5,936	$ 6,261	$ (325)	(5.19)%
Interchange and ATM fees	4,808	4,331	477	11.01 %
Investment management	10,246	8,436	1,810	21.46 %
Mortgage banking income	739	585	154	26.32 %
Increase in cash surrender value of life insurance policies	1,983	1,883	100	5.31 %
Gain on life insurance benefits	1,924	477	1,447	303.35 %
Loan level derivative income	842	471	371	78.77 %
Other noninterest income	7,065	5,751	1,314	22.85 %
Total	$33,543	$28,195	$ 5,348	18.97 %

	Three Months Ended			
	March 31		Change	
	2024	2023	Amount	%
Deposit account fees	$ 6,228	$ 5,916	$ 312	5.27 %
Interchange and ATM fees	4,452	4,184	268	6.41 %
Investment management and advisory	9,941	9,779	162	1.66 %
Mortgage banking income	796	308	488	158.44 %
Increase in cash surrender value of life insurance policies	1,928	1,854	74	3.99 %
Gain on life insurance benefits	263	11	252	2,290.91 %
Loan level derivative income	80	408	(328)	(80.39) %
Other noninterest income	6,255	5,782	473	8.18 %
Total	$29,943	$ 28,242	$1,701	6.02 %

	Nine Months Ended			
	September 30		Change	
	2023	2022	Amount	%
	(Dollars in thousands)			
Deposit account fees	$17,360	$17,582	$ (222)	(1.26)%
Interchange and ATM fees	13,470	11,967	1,503	12.56 %
Investment management	30,373	26,438	3,935	14.88 %
Mortgage banking income	1,717	2,989	(1,272)	(42.56)%

Increase in cash surrender value of life insurance policies	5,777	5,549	228	4.11 %
Gain on life insurance benefits	2,111	600	1,511	251.83 %
Loan level derivative income	2,525	1,511	1,014	67.11 %
Other noninterest income	19,209	15,729	3,480	22.12 %
Total	$92,542	$82,365	$10,177	12.36 %

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

- Deposit account fees decreased increased during the three and nine months ended September 30, 2023 March 31, 2024, as compared to the same prior year periods, period driven primarily by reduced overdraft fees stemming from the Company's policy changes that went into effect in March 2023. These reductions were partially offset by increased cash management fees during both the three and none months ended September 30, 2023, as compared to the same prior year periods. fees.
- Interchange and ATM fees for the three and nine months ended September 30, 2023 March 31, 2024 increased as compared to the same prior year periods period due primarily to higher transaction volumes.

- Investment management and advisory income increased driven primarily by higher levels of assets under administration, which increased by $1.0 billion $658.9 million, or 20.2% 10.7%, to $6.8 billion at March 31, 2024 as compared to $6.1 billion at September 30, 2023 as compared to $5.1 billion at September 30, 2022, as well as strong March 31, 2023. This increase was partially offset by higher insurance and retail and insurance commission income recognized during the first nine months quarter of 2023 as compared to the prior year. current quarter.
- Mortgage banking income increased for the three months ended September 30, 2023 March 31, 2024 as compared to the same prior year quarter, period due to slightly higher saleable volumes, but decreased $1.3 million, or 42.6%, for a greater portion of new originations being sold in the nine months ended September 30, 2023 secondary market versus being retained in comparison to the same prior year period, primarily reflecting overall reduced saleable volumes as a result of the rising interest rate environment experienced throughout the first nine months of 2023. Company's portfolio.
- Loan level derivative income increased decreased for the three and nine months ended September 30, 2023 March 31, 2024 in comparison to the same prior year periods due to higher customer lower demand.
- Other noninterest income increased for the three and nine months ended September 30, 2023 March 31, 2024, primarily attributable to increased FHLB dividend income loan fees, and realized gains on sales of equity securities, partially offset by discounted purchases of Massachusetts historical tax credits. The nine months ended September 30, 2023 also reflected increased credits made during the first quarter of 2023 and reduced unrealized gains on equity securities rental income from equipment leases, and credit card fee income as during the first quarter 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 15 14 - Noninterest Expense

		Three Months Ended			
March 31			March 31	Change	
		2024	2023	Amount	%
		(Dollars in thousands)			
Salaries and employee benefits	Salaries and employee benefits	$57,174	$ 56,975	$ 199	0.35 %
Occupancy and equipment expenses	Occupancy and equipment expenses	13,467	12,822	645	5.03 %

Data processing & facilities management	Data processing & facilities management	2,483	2,527	(44)	(1.74) %
Software and subscriptions	Software and subscriptions	4,094	2,949	1,145	38.83 %
FDIC assessment	FDIC assessment	2,982	2,610	372	14.25 %
Debit card expense	Debit card expense	2,478	2,171	307	14.14 %
Consulting expense	Consulting expense	1,428	2,077	(649)	(31.25) %
Amortization of intangible assets	Amortization of intangible assets	1,563	1,815	(252)	(13.88) %

	Three Months Ended			
	September 30		Change	
	2023	2022	Amount	%
	(Dollars in thousands)			
Salaries and employee benefits	$ 54,797	$ 52,708	$ 2,089	3.96 %
Occupancy and equipment expenses	12,321	12,316	5	0.04 %
Data processing & facilities management	2,404	2,259	145	6.42 %
Software maintenance	3,324	2,497	827	33.12 %
FDIC assessment	2,727	1,677	1,050	62.61 %
Debit card expense	2,319	1,936	383	19.78 %
Consulting expense	2,753	2,547	206	8.09 %
Amortization of intangible assets	1,712	1,898	(186)	(9.80)%

Other noninterest expenses

Other noninterest expenses

Other noninterest expenses	Other noninterest expenses	15,425	14,890	535	3.59 %	14,218	14,715	14,715		(497)	(497)	(3.38)	(3.38)%
Total	Total	$ 97,782	$ 92,728	$ 5,054	5.45 %	Total	$99,887	$	$ 98,661	$	$1,226	1.24	1.24 %

	Nine Months Ended			
	September 30		Change	
	2023	2022	Amount	%
	(Dollars in thousands)			
Salaries and employee benefits	$165,747	$150,957	$14,790	9.80 %
Occupancy and equipment expenses	37,528	37,255	273	0.73 %
Data processing & facilities management	7,461	6,878	583	8.48 %
Software maintenance	9,407	7,706	1,701	22.07 %
FDIC assessment	8,011	5,225	2,786	53.32 %
Debit card expense	6,707	5,562	1,145	20.59 %
Consulting expense	6,765	7,057	(292)	(4.14)%

Amortization of intangible assets	5,243	5,801	(558)	(9.62)%
Merger and acquisition expenses	—	7,100	(7,100)	(100.00)%
Other noninterest expenses	45,129	45,249	(120)	(0.27)%
Total	$291,998	$278,790	$13,208	4.74 %

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

- The increase in salaries and employee benefits was primarily attributable to increases in general salaries, incentive programs, medical plan insurance, severance, equity compensation, and seasonal increases in payroll taxes, partially offset by decreases in incentive decreased commissions and equity compensation. The nine months ended September 30, 2023 also reflect non-recurring CEO transition related expenses incurred during the first quarter of 2023.
- Occupancy and equipment expenses increased for the nine three months ended September 30, 2023 March 31, 2024, driven primarily by one-time lease exit costs associated with acquired leased locations as well as increased utilities costs and rent on leased properties. The increase for the nine months ended September 30, 2023 was depreciation expense, partially offset by reduced snow removal decreased utilities costs as compared to the same prior year period. first quarter of 2023.
- Software maintenance and subscriptions increased primarily due to the Company's continued investment in its technology infrastructure.
- FDIC assessment increased compared to the same prior year period primarily due to increased assessment rates an increase in the current year. estimated FDIC special assessment recognized by the Company.
- Debit card expense increased due to higher processing fees driven by increased volume.

- Consulting expense increased decreased for the three months ended September 30, 2023, and decreased for the nine months ended September 30, 2023, as compared to the same respective prior year periods March 31, 2024 due primarily to the timing of strategic initiatives.
- The Company incurred merger and acquisition costs related to the Meridian acquisition of $7.1 million during the first quarter of 2022, primarily related to lease terminations associated with exited branch locations, along with additional integration costs and professional fees. No such costs were incurred during the nine months ended September 30, 2023.
- Other noninterest expense increased decreased for the three months ended September 30, 2023 March 31, 2024, as compared to the same prior year period, primarily due to increases decreases in advertising legal costs and losses on sales of fixed assets. Other noninterest expense decreased slightly for the nine months ended September 30, 2023, driven primarily by reduced unrealized losses on equity securities examination and telecommunications costs, audit fees, partially offset by increased expenses related to marketing increases in card issuance costs and public relations, internet banking, and examinations and audits. customer fraud reimbursements.

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 16 15 - Tax Provision and Applicable Tax Rates

	Three Months Ended	
	Three Months Ended	
	Three Months Ended	

	Three Months Ended		Nine Months Ended		
	September 30		September 30		
	2023	2022	2023	2022	
	(Dollars in thousands)				(Dollars in thousands)

Combined federal and state income tax provision	Combined federal and state income tax provision	$19,333	$23,171	$59,519	$60,699
Effective income tax rate	Effective income tax rate	24.12 %	24.37 %	24.37 %	24.53 %
Effective income tax rate					
Effective income tax rate					
Blended statutory tax rate	Blended statutory tax rate	27.85 %	27.11 %	27.85 %	27.11 %
Blended statutory tax rate					
Blended statutory tax rate					

The Company's effective tax rate in 2023 for the first quarter of 2024 is consistent with lower as compared to the year ago period. 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 $212.8 million $237.3 million, of which $159.3 million $176.8 million had been funded as of September 30, 2023 March 31, 2024. It is expected that the limited partnership investments will generate a net tax benefit of approximately $3.9 million $4.4 million for the fiscal year 2023 2024 and a total of $26.4 million $34.9 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 model. 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, interest rate risk, operational risk, reputation risk, compliance risk, and technology 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 September 30, 2023March 31, 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, and repurchase agreement lines. 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 17 16 - Liquidity Sources

		September 30, 2023		December 31, 2022		March 31, 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 Home Loan Bank of Boston (1)	$ 887,548	$1,788,554	$ 637	$1,808,729				
Federal Reserve Bank of Boston (2)	Federal Reserve Bank of Boston (2)	—	3,074,338	—	1,210,451				

Unpledged Securities	Unpledged Securities	—	1,187,590	—	2,144,235
Line of Credit	Line of Credit	—	85,000	—	85,000
Junior subordinated debentures (3)	Junior subordinated debentures (3)	62,857	—	62,855	—
Junior subordinated debentures (3)					
Junior subordinated debentures (3)					
Subordinated debt (3)	Subordinated debt (3)	49,957	—	49,885	—
Reciprocal deposits (3)	Reciprocal deposits (3)	920,372	—	653,638	—
Brokered deposits (3)	Brokered deposits (3)	100,889	—	102,643	—
		$2,021,623	$6,135,482	$ 869,658	$5,248,415
	$				

(1) Loans with a carrying value of $3.8 billion $3.9 billion at both March 31, 2024 and $2.7 billion at September 30, 2023 and December 31, 2022, respectively, December 31, 2023 were pledged to the FHLB of Boston.

(2) Loans with a carrying value of $4.7 billion and $1.7 billion $4.6 billion at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, were pledged to the Federal Reserve Bank of Boston.

(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.

In response to the banking industry turmoil experienced earlier this year, the The Company has been operating under the parameters of its Liquidity Contingency Plan, which resulted in various immediate action items taken during the first quarter. From a liquidity management perspective, the Company proactively borrowed under its existing FHLB capacity to increase current cash on hand, while also pledging additional assets to increase overall borrowing capacity. On an ongoing basis, the Company continues to monitor continually monitors both on and off balance sheet liquidity sources to understand vulnerabilities through and when adjustments to the application balance between sources and uses of funds may be necessary. Management regularly performs various liquidity stress testing scenarios and other analyses. 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 and Interest rate risk is 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 includes is the most significant market risk. 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 off-balance sheet 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, negotiable order of withdrawal, 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.

Management Given the volatility associated with market rates, and the uncertainty surrounding future rate movements, management has been proactive in managing the Company's achieving a more neutral interest rate risk position with as compared to the intention prior year. In 2023, management continued to increase the duration of achieving a more neutral position, reflecting its assets by marginally increasing exposure to fixed rate loans while deposit attrition reduced the general uncertainty amount of future rate changes. 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 18 17 - Interest Rate Sensitivity

	March 31							March 31
		September 30			2024	2023		
		2023	2022					
		Year 1	Year 1					
	Year 1					Year 1		Year 1
Parallel rate shocks (basis points)	Parallel rate shocks (basis points)							
-300								
-300								
-300	-300	(3.4)%	(15.2)%		(3.3) %		(6.3)	%
-200	-200	(1.9)%	(9.8)%	-200	(1.4)%		(3.7)	%
-100	-100	(0.8)%	(3.4)%	-100	(0.3)%		(1.7)	%
+100	+100	0.2 %	2.4 %	+100	— %		0.8	%
+200	+200	0.2 %	4.0 %	+200	(0.2)%		1.4	%
+300	+300	0.7 %	6.4 %	+300	(0.2)%		2.3	%
+400	+400	1.2 %	8.7 %	+400	(0.1)%		3.3	%
Gradual rate shifts (basis points)	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	-200 over 12 months	(0.7)%	(3.9)%		0.1 %		(1.5)	%
-100 over 12 months	-100 over 12 months	(0.3)%	(1.5)%	-100 over 12 months	0.1 %		(0.7)	%

+200 over 12 months	+200 over 12 months	0.2 %	2.3 %	+200 over 12 months	(0.4)%	0.7	%
+400 over 24 months	+400 over 24 months	0.2 %	2.3 %	+400 over 24 months	n/a	0.7	%

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 nine three months ended September 30, 2023 March 31, 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 rates 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,* "*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 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 September 30, 2023 March 31, 2024.

See *Note 6, "Derivative and Hedging Activities"* and *Note 10, "Commitments and 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 September 30, 2023 March 31, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information required by this Item 3 is included in the "Risk Management" section of Part I. Item 2 "Management's Discussion and Analysis of Financial Condition and Results of 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 third first quarter of 2023 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 September 30, 2023 March 31, 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 2022 2023 Form 10-K, as updated in Part II, Item 1A of the Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 ("First Quarter 2023 Form 10-Q"), 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 2022 2023 Form 10-K as updated which are incorporated herein by the below Risk Factor substantially set forth in the First Quarter 2023 Form 10-Q.

Risks Related to Recent Events Impacting the Financial Services Industry

Recent events impacting the financial services industry, including several high profile bank failures, have resulted in decreased confidence in banks among depositors, investors and other counterparties, as well as significant disruption, volatility and depressed valuations of equity and other securities of banks in the capital markets. reference.These events occurred during a period of rapidly rising interest rates which, among other things, has resulted in increased unrealized losses on certain investment securities, increased competition for bank deposits and may increase the risk of a potential recession. These recent events have, and could continue to adversely impact the market price and volatility of the Company's common stock. Additionally, the cost of resolving recent bank failures prompted the FDIC to announce plans to collect additional special assessments.These recent events may also result in potentially adverse changes to laws or regulations applicable to the Company, which could have a material impact on the Company's business and result in increased costs necessary to comply with any such changes.

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 September 30, 2023 March 31, 2024:

	Issuer Purchases of Equity Securities			
	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**

Period						
July 1 to July 31, 2023	377	$	46.17	—	$	—
August 1 to August 31, 2023	170	$	53.47	—	$	—
September 1 to September 30, 2023	3,428	$	51.75	—	$	—
Total	3,975	$	51.29	—		

	Issuer Purchases of Equity Securities					
	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)
Period						
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		

(1) These Of these shares, 12,111 shares and 2,955 shares were surrendered in February 2024 and March 2024, respectively, in connection with the exercise and/or vesting of equity compensation grants to satisfy exercise price and/or 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 also announced a stock buyback plan which authorizes authorized repurchases by the Company of up to $100 million in common stock. Repurchases under the plan may be 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 extent to which 532,266 shares repurchased under the Company repurchases shares and program during the size and timing three months ended March 31, 2024 represented full completion of these repurchases will depend on a variety of factors, including pricing, market and economic conditions, the Company's capital position and amount of retained earnings and legal and contractual requirements. The repurchase plan is scheduled to expire October 18, 2024 and may be modified, suspended or discontinued without prior notice at any time. 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 September 30, 2023 March 31, 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)

November 2, 2023 May 8, 2024	/s/ Jeffrey J. Tengel
	Jeffrey J. Tengel President and Chief Executive Officer (Principal Executive Officer)
November 2, 2023 May 8, 2024	/s/ Mark J. Ruggiero
	Mark J. Ruggiero Chief Financial Officer (Principal Financial Officer)

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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: November 2, 2023 May 8, 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: November 2, 2023 May 8, 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 September 30, 2023 March 31, 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: November 2, 2023 May 8, 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 September 30, 2023 March 31, 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: November 2, 2023 May 8, 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.

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