

# *Independent's Acquisition of Falmouth Bancorp*



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## **Continued Investment on Cape Cod**

**January 9, 2004**

# Note on Forward-Looking Information

*This presentation contains certain "forward-looking statements" with respect to the financial condition, results of operations and business of Independent Bank Corp. and Rockland Trust Company upon consummation of the acquisition of Falmouth Bancorp, Inc. These forward-looking statements involve certain risks and uncertainties, and readers are cautioned not to place undue reliance on any such forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities: (i) estimated cost savings from the acquisition cannot be fully realized within the expected time frame; (ii) revenues following the acquisition are lower than expected; (iii) competitive pressure among depository institutions increases significantly; (iv) cost or difficulties related to the integration of the businesses of Independent Bank Corp. and Falmouth Bancorp, Inc. are greater than expected; (v) changes in the interest rate environment reduce interest margins; (vi) general economic conditions, either nationally or in the markets in which Independent Bank Corp. will be doing business, are less favorable than expected; or (vii) legislation or changes in regulatory requirements adversely affect the businesses in which Independent Bank Corp. would be engaged. Independent Bank Corp. disclaims any intent or obligation to update publicly any such forward-looking statements, whether in response to new information, future events or otherwise.*

# Acquisition Attractiveness

## **Strategic Fit**

- Adds significant presence in key markets on Cape Cod.
- Attractive core deposit base.
- Immediately accretive to earnings.
- Combines consistent service oriented community images.
- Provides operating leverage.
- High asset quality.

## **Low Risk**

- Independent is operating successfully in adjacent markets.
- Falmouth has low risk balance sheet.
- Falmouth is relatively small vs. Independent.
- Independent's product mix can readily satisfy the needs of Falmouth customers.
- Conservative assumptions still create accretive transaction.

# Falmouth Bancorp, Inc. At-a-Glance

(\$ in millions) Financials as of 9/30/03

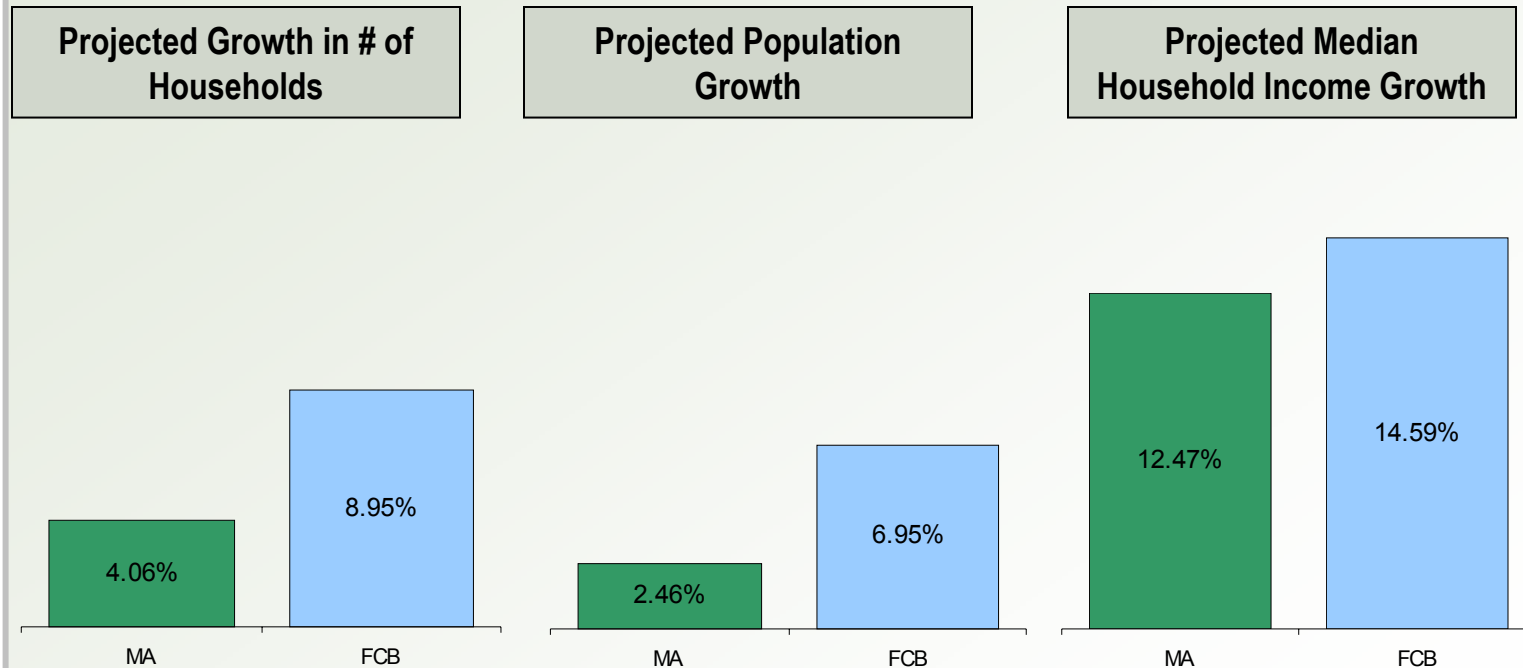
• Assets	\$166.1
• Net Loans	\$ 83.3
• Deposits	\$145.5
• Market Capitalization <sup>(1)</sup>	\$ 34.3
• Shares Outstanding	914K
• Branches	4
• Employees/FTE's	43/40
• Geographic Market Share <sup>(2)</sup>	#3
• Barnstable County Market Share	#10

<sup>(1)</sup> Based upon FCB's closing price of \$37.50 on 1/7/03

<sup>(2)</sup> Towns of Falmouth, East Falmouth, North Falmouth & Bourne

# Demographics

FCB's markets have very desirable demographic characteristics.



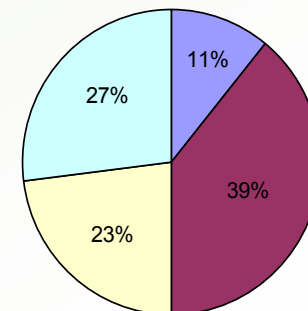
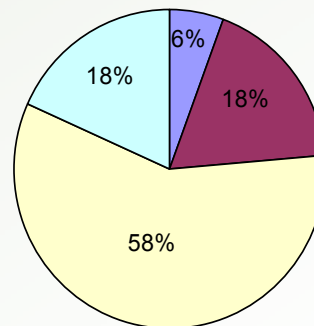
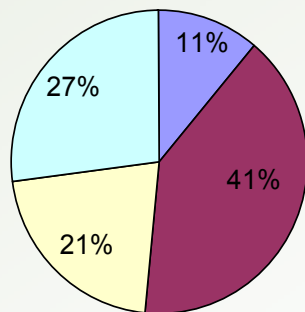
Source: SNL Financial – Growth data is projected from 2003-2008 and includes the towns of Falmouth, East Falmouth and North Falmouth

# Loan Mix

**At September 30, 2003**

(\$ in millions)

	<u>Independent Bank Corp</u>		<u>Falmouth Bancorp, Inc.</u>		<u>Combined</u>	
Commercial & Industrial	\$ 171.6	11%	\$ 4.9	6%	\$ 176.5	11%
Commercial Real Estate	624.5	41	15.7	18	640.2	39
Residential Real Estate	329.1	21	50.5	58	379.6	23
Consumer	423.8	27	15.9	18	439.7	27
<b>Total Loans</b>	<b>\$ 1,549.0</b>	<b>100%</b>	<b>\$ 87.0</b>	<b>100%</b>	<b>\$ 1,636.1</b>	<b>100%</b>
Less Unadvanced Principal & Deferred Fees/Costs	\$ -		\$ (2.9)		\$ (2.9)	
Less: Loan Loss Reserve	(23.1)		(0.8)		(23.9)	
<b>Net Loans</b>	<b>\$ 1,525.9</b>		<b>\$ 83.3</b>		<b>\$ 1,609.2</b>	



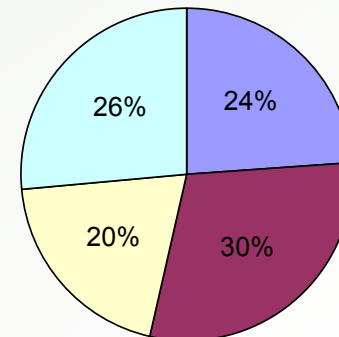
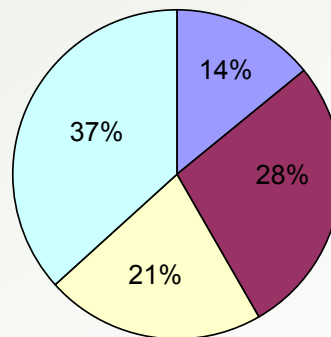
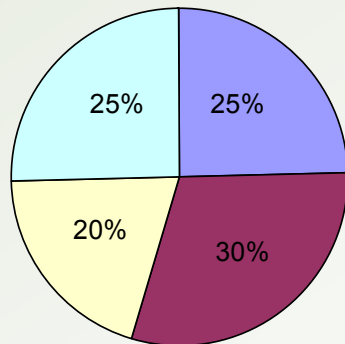
■ C&I    
 ■ Commercial RE    
 ■ Residential RE    
 ■ Consumer

# Deposit Mix

**At September 30, 2003**

(\$ in millions)

	<u>Independent Bank Corp</u>		<u>Falmouth Bancorp, Inc.</u>		<u>Combined</u>	
Demand Deposits	\$ 447.2	25%	\$ 20.4	14%	\$ 467.6	24%
Savings and Interest Checking	537.1	30	40.3	28	577.4	30
Money Market	359.7	20	31.4	21	391.1	20
Time Deposits	462.9	25	53.4	37	516.3	26
Total Deposits	\$ 1,806.9	100%	\$ 145.5	100%	\$ 1,952.4	100%



Demand Deposits
  Savings & Int Checking
  Money Market
  Time Deposits

# Summary Financial Overview – 9/30/2003

	<b>INDB</b>	<b>FCB</b>
Assets	\$2,431.2	\$166.1
Net Loans	1,525.9	83.3
Deposits	1,806.9	145.5
Equity	168.7	17.7
Book Value Per Share	\$11.55	\$19.42
Tangible Book Value Per Share	9.07	19.42
Leverage Ratio	7.37%	10.74%
Tangible Equity / Tangible Asset Ratio	5.53	10.68
Total Risk Based Capital Ratio	10.69	13.94
NPLs / Loans	0.21%	0.00%
NPAs / Assets	0.13	0.00
Reserves / Loans	1.49	0.91
Branches	52	4



# Transaction Summary

Consideration:	Cash of \$38.00 or 1.28 INDB shares
Mix:	50% Stock / 50% Cash
Aggregate transaction value:	\$36.9 MM <sup>(1)</sup> <sup>(2)</sup>
Exchange ratio:	Fixed at 1.28 INDB shares/FCB share
Total shares to be issued:	@585,000 INDB shares
Cash break-up fee:	\$1.5 MM (4% of transaction value)
Estimated cost savings:	40% of FCB's operating expense base
Estimated one-time merger charge:	Capitalized after-tax restructuring charge of \$1.8MM and one time after-tax merger related expenses of \$0.5MM
Walk-away:	Limited price-based walk-away, subject to top-up right <sup>(3)</sup>
Due diligence:	Completed
Required approvals:	FCB Shareholder/Regulatory approvals
Expected closing:	2nd quarter of 2004

<sup>(1)</sup> Based on INDB closing share price of \$29.00 on January 7, 2004 and \$38.00 per share in cash

<sup>(2)</sup> Includes cash out of stock options

<sup>(3)</sup> Falmouth Bancorp, Inc. has the right of termination if the value of Independent Bank Corp stock declines by 20% and underperforms the NASDAQ Bank index by 20%, unless Independent Bank Corp. determines to adjust consideration.

## Transaction Ratios

Price/Book	193.4%
Price/Tangible Book	193.4%
Price/Trailing EPS <sup>(1)</sup>	40.0x
Implied Core Deposit Premium	12.5%
Implied Total Deposit Premium	11.4%

<sup>(1)</sup>Excludes extraordinary items

# Pro Forma Market Share

<b>Falmouth, North Falmouth, East Falmouth and Bourne</b>					
Rank	Pro Forma Rank	Institution	Deposits	Branches	Market Share
1	1	Plymouth Bancorp Inc.	184,430	2	21.2 %
<b>N/A</b>	<b>2</b>	<b>Pro Forma Independent Bank Corp.</b>	<b>152,218</b>	<b>5</b>	<b>17.5</b>
2	3	Bank of America Corp.	149,377	3	17.1
<b>3</b>	<b>N/A</b>	<b>Falmouth Bancorp Inc.</b>	<b>142,519</b>	<b>4</b>	<b>16.4</b>
4	4	Royal Bank of Scotland Group	141,833	2	16.3
5	5	Seacoast Financial Services	119,939	2	13.8
6	6	Banknorth Group Inc.	107,980	4	12.4
7	7	Security FSB	15,995	1	1.8
<b>8</b>	<b>N/A</b>	<b>Independent Bank Corp.</b>	<b>9,699</b>	<b>1</b>	<b>1.1</b>
<b>Totals</b>			<b>871,772</b>	<b>19</b>	<b>100.0 %</b>

<b>Barnstable-Yarmouth MSA</b>					
Rank	Pro Forma Rank	Institution	Deposits	Branches	Market Share
1	1	Cape Cod Five Cents Svgs Bk	1,097,317	13	20.6 %
2	2	Banknorth Group Inc.	939,005	31	17.6
3	3	Royal Bank of Scotland Group	728,311	10	13.7
4	4	Seacoast Financial Services	621,355	11	11.6
5	5	Bank of America Corp.	610,371	15	11.4
<b>N/A</b>	<b>6</b>	<b>Pro Forma Independent Bank Corp.</b>	<b>478,615</b>	<b>19</b>	<b>9.0</b>
6	7	Plymouth Bancorp Inc.	341,397	5	6.4
<b>7</b>	<b>N/A</b>	<b>Independent Bank Corp.</b>	<b>336,096</b>	<b>15</b>	<b>6.3</b>
8	8	Cape Cod Co-operative Bank	297,717	5	5.6
9	9	Seamen's Bank	185,095	4	3.5
<b>10</b>	<b>N/A</b>	<b>Falmouth Bancorp Inc.</b>	<b>142,519</b>	<b>4</b>	<b>2.7</b>
11	10	Campello Bancorp	19,280	1	0.4
12	11	Security FSB	15,995	1	0.3
13	12	Cape Cod Gas Employee's FCU	2,173	1	0.0
<b>Totals</b>			<b>5,336,631</b>	<b>116</b>	<b>100.0 %</b>

Source: SNL Financial. Deposit/Market Share data as of June 30, 2003 including pending transactions.

Note: Falmouth Bancorp Inc. includes the addition of the Bourne branch in late 2004 with a zero balance in deposits.

# Transaction Timetable

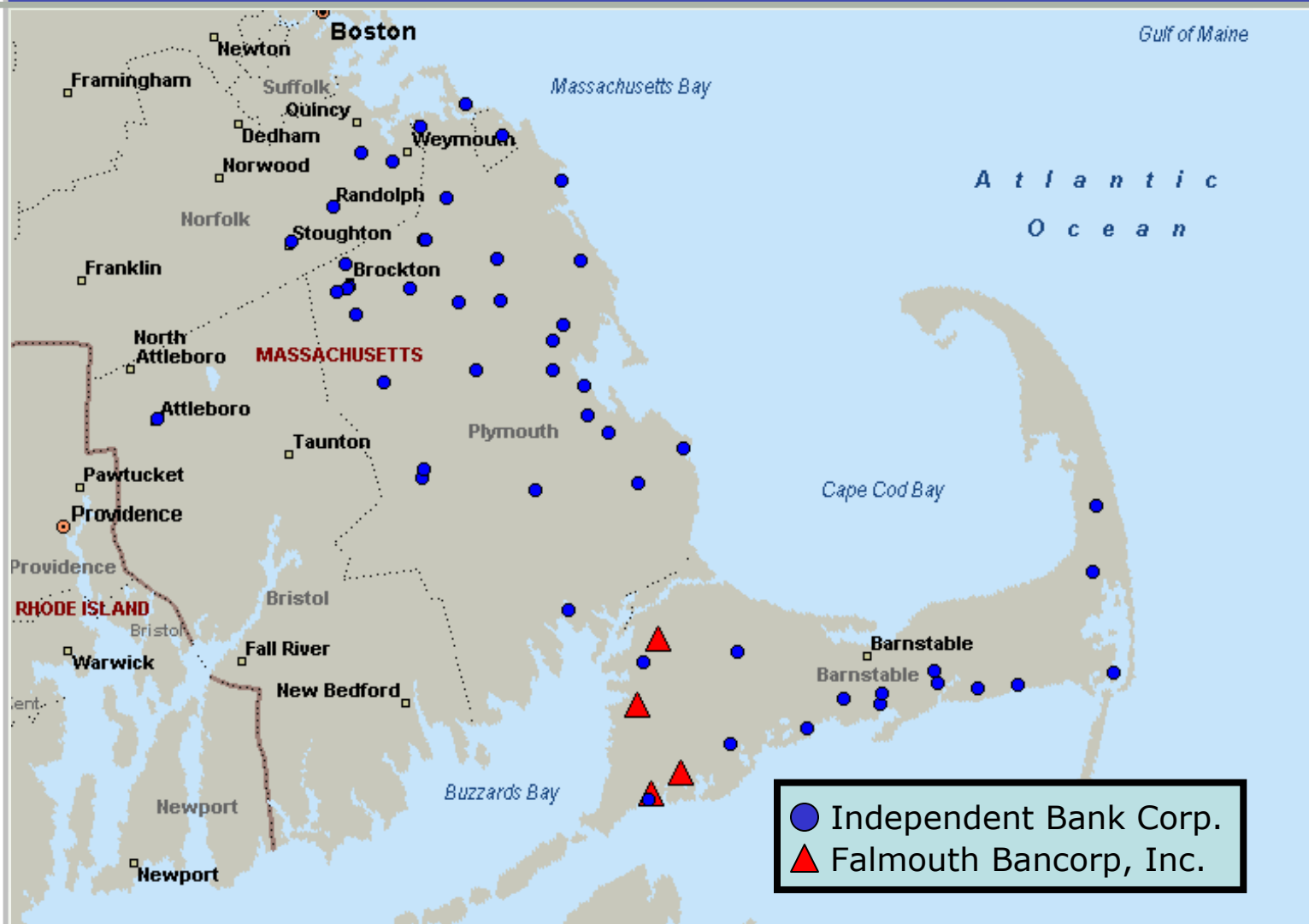
Expected shareholder approval<sup>(1)</sup>: Q1 - 2004

Expected closing: Q2 - 2004

Expected systems conversion: Q3 - 2004

<sup>(1)</sup> Shareholder approval required for Falmouth Bancorp

# Combined Footprint



# Earnings Accretion

## Cost Saves

- Cost saves assumed at 40%, or \$1.6MM pre-tax on an annual basis...75% of the savings will be realized the first year.
- Cost Savings will be realized through a combination of branch closures and elimination of back office and executive expense.

### Assumed cost saves

(\$ in thousands)

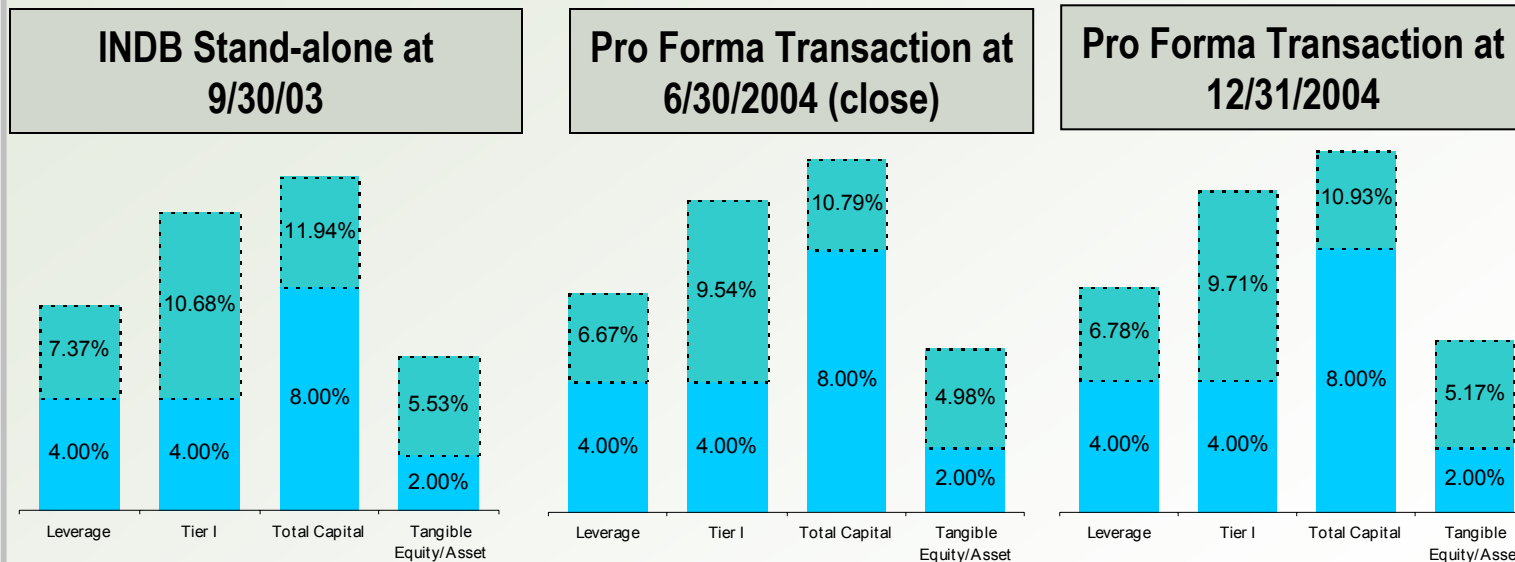
Salaries & Benefits	\$900
Facilities	150
Professional Fees	150
Other	<u>400</u>
	\$1,600

## GAAP Earnings Impact

- Approximately \$0.01 accretive in 2004
- \$0.02-\$0.03 accretive in 2005

# Capital Generation

**Pro forma for the transaction, capital levels remain comfortably above regulatory requirements.**



Note: Dotted line area represents excess over regulatory requirements.

# *Independent's Acquisition of Falmouth Bancorp*



***INDEPENDENT  
BANK CORP.***

*Parent of Rockland Trust Company*

**NASDAQ Ticker: INDB**

[www.rocklandtrust.com](http://www.rocklandtrust.com)

**Denis Sheahan - CFO**

**Shareholder Relations: Michelle Newcomb (781) 878-6100**