

ANGIODYNAMICS INC  
Form SC 13G/A  
February 17, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934  
(Amendment No. 3)\*

AngioDynamics, Inc.  
(Name of Issuer)

Common Stock  
(Title of Class of Securities)

03475V101  
(CUSIP Number)

December 31, 2014  
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

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The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP  
No 03475V101

1. NAME OF REPORTING PERSONS  
I.R.S.  
IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Broadfin  
Capital,  
LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)  
(a)   
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

- NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

5. SOLE VOTING POWER

0

SHARED  
6. VOTING  
POWER

2,670,703

SOLE  
7. DISPOSITIVE  
POWER

0

SHARED  
8. DISPOSITIVE  
POWER

2,670,703

AGGREGATE  
AMOUNT  
9. BENEFICIALLY  
OWNED BY EACH  
REPORTING  
PERSON

2,670,703

CHECK  
BOX IF  
THE  
AGGREGATE  
AMOUNT  
10. IN ROW (9)  
EXCLUDES  
CERTAIN  
SHARES  
(SEE  
INSTRUCTIONS)

PERCENT  
OF CLASS  
11. REPRESENTED  
BY  
AMOUNT  
IN ROW (9)

7.5%

12.

TYPE OF  
REPORTING  
PERSON  
(SEE  
INSTRUCTIONS)

OO, IA

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CUSIP  
No 03475V101

1. NAME OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NOS. OF ABOVE  
PERSONS (ENTITIES ONLY)

Broadfin Healthcare Master Fund, Ltd.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE  
INSTRUCTIONS)

(a)   
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON  
WITH

5. SOLE VOTING POWER

0

6. SHARED VOTING POWER

2,670,703

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

2,670,703

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING  
PERSON

2,670,703

- CHECK BOX IF THE AGGREGATE AMOUNT IN  
10. ROW (9) EXCLUDES CERTAIN SHARES (SEE  
INSTRUCTIONS)

11. PERCENT OF CLASS REPRESENTED BY  
AMOUNT IN ROW (9)

7.5%

12. TYPE OF REPORTING PERSON (SEE  
INSTRUCTIONS)

CO

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CUSIP  
No 03475V101

1. NAME OF  
REPORTING  
PERSONS  
I.R.S.  
IDENTIFICATION  
NOS. OF  
ABOVE  
PERSONS  
(ENTITIES  
ONLY)

Kevin  
Kotler

2. CHECK THE  
APPROPRIATE  
BOX IF A  
MEMBER OF A  
GROUP (SEE  
INSTRUCTIONS)  
(a)   
(b)

3. SEC USE  
ONLY

4. CITIZENSHIP  
OR PLACE  
OF  
ORGANIZATION

United  
States of  
America

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY EACH  
REPORTING PERSON  
WITH

5. SOLE  
VOTING  
POWER

0

SHARED  
6. VOTING  
POWER

2,670,703

SOLE  
7. DISPOSITIVE  
POWER

0

SHARED  
8. DISPOSITIVE  
POWER

2,670,703

AGGREGATE  
AMOUNT  
9. BENEFICIALLY  
OWNED BY EACH  
REPORTING  
PERSON

2,670,703

CHECK  
BOX IF  
THE  
AGGREGATE  
AMOUNT  
10. IN ROW (9)  
EXCLUDES  
CERTAIN  
SHARES  
(SEE  
INSTRUCTIONS)

PERCENT  
OF CLASS  
REPRESENTED  
11. BY  
AMOUNT  
IN ROW (9)

7.5%



TYPE OF  
REPORTING  
12.PERSON  
(SEE  
INSTRUCTIONS)

IN, HC

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CUSIP No 03475V101

Item 1. (a). Name of Issuer:

AngioDynamics,  
Inc.

Address of  
Issuer's

(b). Principal  
Executive  
Offices:

14 Plaza Drive  
Latham, New  
York 12110

Item 2. (a). Name of Person  
Filing:

Broadfin  
Capital, LLC  
Broadfin  
Healthcare  
Master Fund,  
Ltd.  
Kevin Kotler

Address of  
Principal

(b). Business Office,  
or if None,  
Residence:

Broadfin  
Capital, LLC  
300 Park  
Avenue, 25th  
Floor  
New York, NY  
10002  
United States of  
America

Broadfin  
Healthcare  
Master Fund,  
Ltd.

20 Genesis  
Close  
Ansbacher  
House, Second  
Floor  
P.O. Box 1344  
Grand Cayman  
KY1-1108  
Cayman Islands

Kevin Kotler  
c/o Broadfin  
Capital, LLC  
300 Park  
Avenue, 25th  
Floor  
New York, NY  
10002  
United States of  
America

(c) Citizenship:

Broadfin  
Capital, LLC –  
Delaware  
Broadfin  
Healthcare  
Master Fund,  
Ltd. – Cayman  
Islands  
Kevin Kotler –  
United States of  
America

(d) Title of Class of  
Securities:

Common Stock

(e) CUSIP Number:

03475V101

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Item 3. If This Statement is filed pursuant to ss.240.13d-1(b) or 240.13d-2(b), or (c), check whether the person filing is a

- (a)  Broker or dealer registered under Section 15 of the Exchange Act (15 U.S.C. 78c).
  - (b)  Bank as defined in Section 3(a)(6) of the Exchange Act (15 U.S.C. 78c).
  - (c)  Insurance company as defined in Section 3(a)(19) of the Exchange Act (15 U.S.C. 78c).
  - (d)  Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
  - (e)  An investment adviser in accordance with § 240.13d-1(b)(1)(ii)(E);
  - (f)  An employee benefit plan or endowment fund in accordance with § 240.13d-1(b)(1)(ii)(F);
  - (g)  A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);
  - (h)  A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C.1813);
  - (i)  A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
  - (j)  Group, in accordance with s.240.13d-1(b)(1)(ii)(J).
-

Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned:

Broadfin Capital, LLC – 2,670,703  
Broadfin Healthcare Master Fund, Ltd. – 2,670,703  
Kevin Kotler – 2,670,703

(b) Percent of class:

Broadfin Capital, LLC – 7.5%  
Broadfin Healthcare Master Fund, Ltd. – 7.5%  
Kevin Kotler – 7.5%

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote

Broadfin Capital, LLC – 0  
Broadfin Healthcare Master Fund, Ltd. – 0  
Kevin Kotler – 0

(ii) Shared power to vote or to direct the vote

Broadfin Capital, LLC – 2,670,703  
Broadfin Healthcare Master Fund, Ltd. – 2,670,703  
Kevin Kotler – 2,670,703

(iii) Sole power to dispose or to direct the disposition of

Broadfin Capital, LLC – 0  
Broadfin Healthcare Master Fund, Ltd. – 0  
Kevin Kotler – 0

(iv) Shared power to dispose or to direct the disposition of

Broadfin Capital, LLC – 2,670,703  
Broadfin Healthcare Master Fund, Ltd. – 2,670,703  
Kevin Kotler – 2,670,703

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Item  
5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [ ].

N/A

Item  
6. Ownership of More Than Five Percent on Behalf of Another Person.

If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities, a statement to that effect should be included in response to this item and, if such interest relates to more than five percent of the class, such person should be identified. A listing of the shareholders of an investment company registered under the Investment Company Act of 1940 or the beneficiaries of employee benefit plan, pension fund or endowment fund is not required.

N/A

Item  
7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company.

If a parent holding company has filed this schedule, pursuant to Rule 13d-1(b)(1)(ii)(G), so indicate under Item 3(g) and attach an exhibit stating the identity and the Item 3 classification of the relevant subsidiary. If a parent holding company has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identification of the relevant subsidiary.

N/A

Item  
8. Identification and Classification of Members of the Group.

If a group has filed this schedule pursuant to §240.13d-1(b)(1)(ii)(J), so indicate under Item 3(j) and attach an exhibit stating the identity and Item 3 classification of each member of the group. If a group has filed this schedule pursuant to §240.13d-1(c) or §240.13d-1(d), attach an exhibit stating the identity of each member of the group.

N/A

Item  
9. Notice of Dissolution of Group.

Notice of dissolution of a group may be furnished as an exhibit stating the date of the dissolution and that all further filings with respect to transactions in the security reported on will be filed, if required, by members of the group, in their individual capacity. See Item 5.

N/A

Item  
10. Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect, other than activities solely in connection with a nomination under § 240.14a-11.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 17, 2015  
(Date)

BROADFIN CAPITAL, LLC\*  
By: /s/ Kevin Kotler  
(Signature)

Kevin Kotler, Managing Member  
(Name/Title)

February 17, 2015  
(Date)

BROADFIN HEALTHCARE  
MASTER FUND, LTD.\*  
By: /s/ Kevin Kotler  
(Signature)

Kevin Kotler, Director  
(Name/Title)

February 17, 2015  
(Date)

By: /s/ Kevin Kotler\*  
(Signature)

Kevin Kotler  
(Name/Title)

\*The Reporting Persons disclaim beneficial ownership in the shares reported herein except to the extent of their pecuniary interest therein.

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of



such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See s.240.13d-7 for other parties for whom copies are to be sent.

Attention. Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

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AGREEMENT

The undersigned agree that this Schedule 13G, Amendment No. 3, dated February 17, 2015 relating to the Common Stock of AngioDynamics, Inc. shall be filed on behalf of the undersigned.

February 17, 2015  
(Date)

BROADFIN CAPITAL, LLC  
By: /s/ Kevin Kotler  
(Signature)

Kevin Kotler, Managing Member  
(Name/Title)

February 17, 2015  
(Date)

BROADFIN HEALTHCARE  
MASTER FUND, LTD.  
By: /s/ Kevin Kotler  
(Signature)

Kevin Kotler, Director  
(Name/Title)

February 17, 2015  
(Date)

By: /s/ Kevin Kotler  
(Signature)

Kevin Kotler  
(Name/Title)

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See s.240.13d-7 for other parties for whom copies are to be sent.

Attention. Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

SK 25125 0001 6358104

STATEMENTS

**NOTE 1 BASIS OF PRESENTATION**

Independent Bank Corp. (the Company) is a state chartered, federally registered bank holding company headquartered in Rockland, Massachusetts, 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. The Company was the sponsor of Delaware statutory trusts named Independent Capital Trust III (Trust III), Independent Capital Trust IV (Trust IV), and is currently the sponsor of Independent Capital Trust V (Trust V), each of which were formed to issue trust preferred securities.

The proceeds which the Company derived from Trust V were used on December 31, 2006 and April 30, 2007 to redeem all of the outstanding trust preferred securities of Trust III and Trust IV, respectively. Trust III and Trust IV have been dissolved. Trust V is not included in the Company's consolidated financial statements in accordance with Financial Accounting Standards Board (FASB) Interpretation No. 46R (FIN 46).

As of September 30, 2007 the Bank had the following corporate subsidiaries, all of which were wholly-owned by the Bank and were included in the Company's consolidated financial statements:

Four Massachusetts security corporations, namely Rockland Borrowing Collateral Securities Corp., Rockland IMG Collateral Securities Corp., Rockland Deposit Collateral Securities Corp., and Taunton Avenue Securities Corp., which hold securities, industrial development bonds, and other qualifying assets;

Rockland Trust Community Development Corporation (the Parent CDE) which, in turn, has two wholly-owned corporate subsidiaries named Rockland Trust Community Development LLC (RTC CDE I) and Rockland Trust Community Development Corporation II (RTC CDE II). The Parent CDE, CDE I, and CDE II were all formed to qualify as community development entities under federal New Markets Tax Credit Program criteria; and,

Compass Exchange Advisors LLC. (CEA LLC) which provides like-kind exchange services pursuant to section 1031 of the Internal Revenue Code.

All material intercompany balances and transactions have been eliminated in consolidation. When necessary, certain amounts in prior periods' financial statements have been reclassified to conform to the current period presentation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America 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 footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

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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. Operating results for the quarter ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ended December 31, 2007 or any other interim period.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006 filed with the Securities and Exchange Commission.

**NOTE 2- STOCK BASED COMPENSATION**

On July 19, 2007 the Company awarded options to purchase 10,000 shares of common stock from the 2005 Employee Stock Plan to an officer of the Bank. The expected volatility, expected life, expected dividend yield, and expected risk free interest rate for this grant, used to determine their fair value, were determined on July 19, 2007 and were 28%, 6.5 years, 2.09%, and 4.95%, respectively. The options have been determined to have a fair value of \$8.94 per share. The options vest over a five year period and have a contractual life of ten years from date of grant.

On April 17, 2007 the Company granted 5,200 restricted stock awards from the 2006 Non-Employee Director Stock Plan to certain directors of the Company and/or the Bank. The restricted stock awards have been determined to have a fair value of \$31.57 per share. The Company measured the fair market value of the awards based on the average of the high price and low price at which the Company's common stock traded on the date of grant. The restricted stock awards vest at the end of a five year period.

On February 15, 2007 the Company awarded options to purchase 133,000 shares of common stock from the 2005 Employee Stock Plan to certain officers of the Company and/or the Bank. The expected volatility, expected life, expected dividend yield, and expected risk free interest rate for this grant used to determine their fair value were determined on February 15, 2007 and were 30%, 6.5 years, 1.95%, and 4.68%, respectively. The options have been determined to have a fair value of \$10.51 per share. The options vest over a five year period and have a contractual life of ten years from date of grant.

**NOTE 3 RECENT ACCOUNTING DEVELOPMENTS**

**Accounting Pronouncements Adopted in the First Nine Months of 2007**

**FASB Interpretation No. 48 ( FIN 48 ), Accounting for Uncertainty in Income Taxes** In June 2006, the FASB issued FIN 48, an interpretation of SFAS No. 109, Accounting for Income Taxes, in order to add clarity to the accounting for uncertainty in income taxes recognized in a Company's financial statements. The interpretation requires that only tax positions that are more likely than not to be sustained upon a tax examination are to be recognized in a Company's financial statements to the extent that the benefit has a greater than 50% likelihood of being recognized. The differences that arise between the amounts recognized in the financial statements and the amounts recognized in the tax return will lead to

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an increase or decrease in current taxes, an increase or decrease to the deferred tax asset or deferred tax liability, respectively, or both. FIN 48 is effective for fiscal years beginning after December 15, 2006 with early application encouraged if interim financial statements have not yet been issued. Upon the adoption of FIN 48, the Company recognized a \$177,000 decrease in the liability for unrecognized tax benefits, which was accounted for as an increase to the January 1, 2007 balance of retained earnings. See *Note 9 Uncertainty in Income Taxes* for further detail.

**New Accounting Pronouncements Not Yet Adopted**

**SFAS No. 157 ( SFAS 157 ), Fair Value Measurements** In September 2006, the FASB issued SFAS 157. SFAS 157 was issued to provide consistency and comparability in determining fair value measurements and to provide for expanded disclosures about fair value measurements. The definition of fair value maintains the exchange price notion in earlier definitions of fair value but focuses on the exit price of the asset or liability. The exit price is the price that would be received to sell the asset or paid to transfer the liability adjusted for certain inherent risks and restrictions. Expanded disclosures are also required about the use of fair value to measure assets and liabilities. The effective date is for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating if the adoption of SFAS 157 will have a material impact on the Company's financial position or results of operations.

**SFAS No. 159 ( SFAS 159 ), The Fair Value Option for Financial Assets and Financial Liabilities** In February 2007, the FASB issued SFAS 159. SFAS 159 allows entities to choose to measure financial instruments and certain other items at fair value. By doing so, companies can mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting. The fair value option can be applied on an instrument by instrument basis (with some exceptions), is irrevocable unless a new election date occurs, and is applied only to entire instruments and not to portions of instruments. The effective date is as of the beginning of the first fiscal year beginning after November, 15, 2007. Early adoption is permissible as of the beginning of the fiscal year that begins before November 17, 2007 provided that SFAS No. 157, Fair Value Measurements, is adopted as well. The Company plans to adopt SFAS 159 as of January 1, 2008. The Company has not yet determined the impact of the adoption of SFAS 159 to the Company's statement of financial position or results of operations.

**Emerging Issues Task Force ( EITF ) 06-10, Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements** In March 2007, the FASB ratified the consensus reached by the EITF on EITF 06-10. EITF 06-10 will require employers to recognize a liability for the postretirement benefit related to a collateral assignment split-dollar life insurance arrangement if the employer remains subject to the risks or rewards associated with the underlying insurance contract (in the postretirement period) that collateralizes the employer's asset. Additionally, an employer should recognize and measure an asset based on the nature and substance of the collateral assignment split-dollar life insurance arrangement by assessing what future cash flows the employer is entitled to, if any, as well as the employee's obligation and ability to repay the employer. The employer's asset should be limited to the amount of the cash surrender value of the insurance policy, unless the arrangement requires the employee

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(or retiree) to repay the employer irrespective of the amount of the cash surrender value of the insurance policy (and assuming the employee (or retiree) is an adequate credit risk), in which case the employer should recognize the value of the loan including accrued interest, if applicable. EITF 06-10 is effective for fiscal years beginning after December 15, 2007, earlier application permitted. Entities should recognize the effects of applying EITF 06-10 through either a change in accounting principle through a cumulative-effect adjustment to retained earnings in the statement of financial position as of the beginning of the year of adoption or through a change in accounting principle through retrospective application to all prior periods. The Company has not yet determined the impact of EITF 06-10 to the Company's consolidated financial statements or results of operations.

**EITF 06-11, Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards** In June 2007, the FASB ratified the consensus reached by the EITF on EITF 06-11. EITF 06-11 requires that realized income tax benefits from dividends or dividend equivalents that are charged to retained earnings and are paid to employees for equity classified nonvested equity shares, nonvested equity share units, and outstanding equity share options be recognized as an increase to additional paid-in capital. The amount recognized in additional paid-in capital for the realized income tax benefit from dividends on those awards should be included in the pool of excess tax benefits available to absorb tax deficiencies on share-based payment awards. EITF 06-11 should be applied prospectively to the income tax benefits that result from dividends on equity-classified employee share-based awards that are declared in fiscal years beginning after December 15, 2007, and interim periods within those fiscal years. The Company has determined that the impact of the adoption of EITF 06-11 on the Company's consolidated financial position will not be material. It is possible that additional restricted stock awards, or other share based payment awards addressed by this EITF, are granted in future periods and that the amount of dividends paid per share could change the impact of the adoption of EITF 06-11 on the Company's consolidated statements of financial position.

**NOTE 4 EARNINGS PER SHARE**

Basic earnings per share (EPS) are calculated by dividing net income by the weighted average number of common shares (excluding shares of unvested restricted stock) outstanding before any dilution during the period. Diluted earnings per share have been calculated in a manner similar to that of basic earnings per share except that the weighted average number of common shares outstanding is increased to include the number of additional common shares that would have been outstanding if all potentially dilutive common shares (such as those resulting from the exercise of stock options and unvested restricted stock awards) were issued during the period, computed using the treasury stock method.

Earnings per share consisted of the following components for the three and nine months ended September 30, 2007 and 2006:

**Table of Contents****For the Three Months Ended September 30,**

	<b>Net Income</b>	
	<b>2007</b>	<b>2006</b>
	<b>(Dollars in Thousands)</b>	
<b>Net Income</b>	\$ 8,312	\$ 8,556

	<b>Weighted Average Shares</b>	
	<b>2007</b>	<b>2006</b>
<b>Basic EPS</b>	13,787,598	14,696,065
Effect of dilutive securities	112,455	178,433
<b>Diluted EPS</b>	13,900,053	14,874,498

	<b>Net Income Per Share</b>	
	<b>2007</b>	<b>2006</b>
<b>Basic EPS</b>	\$ 0.60	\$ 0.58
Effect of dilutive securities	\$ 0.00	\$ 0.00
<b>Diluted EPS</b>	\$ 0.60	\$ 0.58

**For the Nine Months Ended September 30,**

	<b>Net Income</b>	
	<b>2007</b>	<b>2006</b>
	<b>(Dollars in Thousands)</b>	
<b>Net Income</b>	\$ 20,651	\$ 24,749

	<b>Weighted Average Shares</b>	
	<b>2007</b>	<b>2006</b>
<b>Basic EPS</b>	14,121,843	15,014,292
Effect of dilutive securities	134,715	165,725
<b>Diluted EPS</b>	14,256,558	15,180,017

	<b>Net Income Per Share</b>	
	<b>2007</b>	<b>2006</b>
<b>Basic EPS</b>	\$ 1.46	\$ 1.65
Effect of dilutive securities	\$ 0.01	\$ 0.02
<b>Diluted EPS</b>	\$ 1.45	\$ 1.63

For the three and nine months ended September 30, 2007, there were 445,817 and 323,143, respectively, options to purchase common stock excluded from the calculation of diluted earnings per share because they were anti-dilutive. For the three and nine months ended September 30, 2007, there were no shares of restricted stock excluded from the calculation of diluted earnings per share because they were anti-dilutive. For the three and nine months ended September 30, 2006, there were 161,904 and 171,013, respectively, options to purchase common stock excluded from the calculation of diluted earnings per share because they were anti-dilutive. For the three and nine months ended September 30, 2006, there were no shares of restricted stock excluded from the calculation of diluted earnings per share because they were anti-dilutive.



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**NOTE 5 COMMON STOCK REPURCHASE PROGRAM**

On January 19, 2006, the Company's Board of Directors approved a common stock repurchase program. Under the program, the Company was authorized to repurchase up to 800,000 shares, or approximately 5%, of the Company's outstanding common stock. During the quarter ended September 30, 2006, the Company completed its repurchase plan with a total of 800,000 shares of common stock repurchased at a weighted average share price of \$31.04.

On December 14, 2006, the Company's Board of Directors approved another common stock repurchase program. Under the program, which was effective immediately, the Company was authorized to repurchase up to 1,000,000 shares, or approximately 7%, of the Company's outstanding common stock. During the quarter ended September 30, 2007, the Company completed its repurchase plan with a total of 1,000,000 shares of common stock repurchased at a weighted average share price of \$30.70.

**Table of Contents****NOTE 6 EMPLOYEE BENEFITS****POST RETIREMENT BENEFITS AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS**

The following table illustrates the status of the post-retirement benefit plan and supplemental executive retirement plans ( SERPs );

**Components of Net Periodic Benefit Cost**

	<b>Post Retirement Benefits</b>		<b>SERPs</b>	
	<b>Three months ended September 30,</b>			
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<i>(Unaudited - Dollars in Thousands)</i>			
<b>Service cost</b>	\$ 22	\$ 23	\$ 50	\$ 50
<b>Interest cost</b>	19	18	37	34
<b>Amortization of transition obligation</b>	9	8		
<b>Amortization of prior service cost</b>	3	3	11	10
<b>Recognized net actuarial (gain)/loss</b>			(1)	(1)
<b>Net periodic benefit cost</b>	\$ 53	\$ 52	\$ 97	\$ 93

	<b>Post Retirement Benefits</b>		<b>SERPs</b>	
	<b>Nine months ended September 30,</b>			
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<i>(Unaudited - Dollars in Thousands)</i>			
<b>Service cost</b>	\$ 67	\$ 69	\$ 204	\$ 149
<b>Interest cost</b>	55	54	117	102
<b>Amortization of transition obligation</b>	26	25		
<b>Amortization of prior service cost</b>	9	9	31	31
<b>Recognized net actuarial (gain)/loss</b>			(3)	(3)
<b>Net periodic benefit cost</b>	\$ 157	\$ 157	\$ 349	\$ 279

Included in the SERP net periodic benefit cost above is an additional \$60,000 accrued during the first quarter of 2007 associated with the early retirement of an executive.

The Company previously disclosed in its financial statements for the fiscal year ended December 31, 2006 that it expected to contribute \$59,000 to its post retirement benefit plan and \$113,000 to its SERPs in 2007 and presently anticipates making these contributions. For the three months ended September 30, 2007, \$32,000 and \$28,000 of contributions have been made to the post retirement benefit plan and the SERPs, respectively. For the nine months ended September 30, 2007, \$53,000 and \$88,500 of contributions have been made to the post retirement benefit plan and the SERPs, respectively.

Not included in the above summary are the components of net periodic benefit cost for the noncontributory defined benefit pension plan administered by Pentegra ( the Fund ). The Fund does not segregate the assets or liabilities of all participating employers and, accordingly, disclosure of accumulated vested and non-vested benefits is not possible. The pension plan year is July 1st through June 30th. Contributions for the 2006-2007 plan year were all paid in 2006. It has not yet been determined what pension expense is expected to be related to the 2007-2008 plan year. During the three and nine months ended September 30, 2007 \$355,000 and \$1.1 million, respectively, of pension expense has been recognized for the 2006-2007 plan year.



**Table of Contents****NOTE 7 REPURCHASE AGREEMENTS**

Both wholesale and retail repurchase agreements are collateralized by mortgage-backed securities and U.S. Government Sponsored Enterprises. At September 30, 2007, the Company had no securities of repurchase agreements outstanding with third party brokers and \$91.7 million of customer repurchase agreements outstanding. The related securities are included in the securities available for sale portfolio.

**NOTE 8 COMPREHENSIVE INCOME**

Information on the Company's comprehensive income, presented net of taxes, is set forth below for the three and nine months ended September 30, 2007 and 2006.

**Comprehensive income (loss) is reported net of taxes, as follows:**

*(Unaudited Dollars in Thousands)*

	<b>FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007</b>		<b>FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Net Income	\$ 8,312	\$ 8,556	\$20,651	\$24,749
Other Comprehensive Income/(Loss), Net of Tax:				
Increase(decrease) in fair value of securities available for sale, net of tax of \$1,563 and \$2,982 for the three months ended September 30, 2007 and 2006, respectively, and \$794 and \$278 for the nine months ended September 30, 2007 and 2006, respectively.	2,699	4,864	1,146	(507)
Less: reclassification adjustment for realized losses included in net income, net of tax of \$637 for the nine months ended September 30, 2006.				1,132
Net change in fair value of securities available for sale, net of tax of \$1,563 and \$2,982 for the three months ended September 30, 2007 and 2006, respectively, and \$794 and \$359 for the nine months ended September 30, 2007 and 2006, respectively.	2,699	4,864	1,146	625
Decrease in fair value of derivatives, net of tax of \$1,080 and \$1,594 for the three months ended September 30, 2007 and 2006, respectively, and \$458 and \$133 for the nine months ended September 30, 2007 and 2006, respectively.	(1,492)	(2,202)	(632)	(183)
Less: reclassification of realized gains on derivatives, net of tax of \$0 and \$78 for the three months ended September 30, 2007 and 2006, respectively, and \$103 and \$331 for the nine		(106)	(142)	(457)

months ended September 30, 2007 and 2006,  
respectively

Net change in fair value of derivatives, net of tax  
of \$1,080 and \$1,672 for the three months ended  
September 30, 2007 and 2006, respectively, and  
\$561 and \$464 for the nine months ended  
September 30, 2007 and 2006, respectively.

(1,492)	(2,308)	(774)	(640)
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Amortization of certain costs included in net  
periodic post retirement costs, net of tax of \$20  
for the three months ended September 30, 2007  
and \$59 for the nine months ended  
September 30, 2007.

27	83
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Other Comprehensive Income (Loss), Net of  
Tax:

1,234	2,556	455	(15)
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Comprehensive Income

\$ 9,546	\$11,112	\$21,106	\$24,734
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**NOTE 9 UNCERTAINTY IN INCOME TAXES**

The Company adopted FASB Interpretation No. 48 ( FIN No. 48), Accounting for Uncertainty in Income Taxes on January 1, 2007. As a result of the implementation of FIN No. 48, the Company recognized a \$177,000 decrease in the liability for unrecognized tax benefits, which was accounted for as an increase to the January 1, 2007 balance of retained earnings.

At January 1, 2007, after implementation of FIN No. 48, the Company had unrecognized tax benefits of approximately \$760,000, largely related to certain deductions of interest expense, all of which, if recognized, would be recorded as a component of income tax expense therefore affecting the effective tax rate.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and in the state of Massachusetts and various other states as required. The Company is subject to U.S. federal, state and local income tax examinations by tax authorities for the years 2004 to the present.

During September 2007, the Company realized a reduction in the allowance for uncertain tax positions of \$95,000 related to the 2003 tax year as the 2003 tax returns are no longer subject to tax examination.

The Company recognizes interest accrued and penalties related to unrecognized tax benefits as income taxes. As of January 1, 2007 the Company had approximately \$79,000 accrued for the payment of interest and penalties.

**NOTE 10 SUBSEQUENT EVENTS**

**Signing of a Definitive Merger Agreement by which the Company will acquire Slade s Ferry Bancorp.**

The Company and Slade s Ferry Bancorp. ( Slade s ), parent of Slades Bank, jointly announced on October 11, 2007 the signing of a definitive merger agreement by which the Company will acquire Slade s Ferry Bancorp.

The terms of the agreement call for 75% of the outstanding shares of Slade s to be converted into the Company s stock with each share of Slade s common stock to be exchanged for 0.818 shares of the Company s common stock. The remaining 25% of the outstanding Slade s shares are to be purchased in cash in an amount for \$25.50 per share. Based upon the Company s \$31.17 per share closing price on October 10, 2007, the transaction is valued at approximately \$105 million. The Company anticipates that the transaction will be accretive to 2008 earnings before acquisition transaction charges. The transaction is intended to qualify as a tax-free reorganization for federal income tax purposes and to provide a tax-free exchange of shares. The transaction is likely to close in the first quarter of 2008.

**Tax Court Rules on the Calculation of Bank s Interest Expense Disallowance in PSB Holdings Inc. v. Commissioner, Docket No. 14725-05.**

On 11/01/07 the U.S. Tax Court held that the calculation of the average adjusted bases of tax-exempt obligations of a bank does not include the tax exempt obligations purchased by the bank s investment company subsidiary (See, *PSB Holdings Inc. v. Commissioner*, 129 T.C. 15). This decision potentially impacts banks that have non bank subsidiaries with tax-exempt obligations, such as Rockland. The Company is currently analyzing the Court s ruling to assess the potential impact on the Company s financial statements but believes it may have a positive financial impact. In accordance with FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109 , any impact this ruling has will be accounted for as a change in circumstances in the period in which the ruling was made, or specifically in this case, the three month period ending December 31, 2007.

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**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, 2006, filed with the Securities and Exchange Commission.

**Cautionary Statement Regarding Forward-Looking Statements**

A number of the presentations and disclosures in this Form 10-Q, including, without limitation, statements regarding the level of allowance for loan losses, the rate of delinquencies, amounts of charge-offs, the rates of loan growth, and any statements preceded by, followed by, or which include the words may, could, should, will, would, hope, might, believe, expect, anticipate, estimate, intend, plan, assume or similar expressions constitute forward-looking statements.

These forward-looking statements, implicitly and explicitly, include the assumptions underlying the statements and other information with respect to the Company's beliefs, plans, objectives, goals, expectations, anticipations, estimates, intentions, financial condition, results of operations, future performance and business, including the Company's expectations and estimates with respect to the Company's revenues, expenses, earnings, return on equity, return on assets, efficiency ratio, asset quality and other financial data and capital and performance ratios.

Although the Company believes that the expectations reflected in the Company's forward-looking statements are reasonable, these statements involve risks and uncertainties that are subject to change based on various important factors (some of which are beyond the Company's control). The following factors, among others, could cause the Company's financial performance to differ materially from the Company's goals, plans, objectives, intentions, expectations and other forward-looking statements:

- a weakening in the strength of the United States economy in general and the strength of the regional and local economies within the New England region and Massachusetts which could result in a deterioration of credit quality, a change in the allowance for loan losses, or a reduced demand for the Company's credit or fee-based products and services;

- adverse changes in the local real estate market, as most of the Company's loans are concentrated in southeastern Massachusetts and Cape Cod and a substantial portion of these loans have real estate as collateral, could result in a deterioration of credit quality and an increase in the allowance for loan losses;

- the effects of and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System, could affect the Company's business environment or affect the Company's operations;

- the effects of, any changes in, and any failure by the Company to comply with, tax laws generally and requirements of the federal New Markets Tax Credit

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program in particular could adversely affect the Company's tax provision and its financial results;

inflation, interest rate, market and monetary fluctuations could reduce net interest income and could increase credit losses;

adverse changes in asset quality could result in increasing credit risk-related losses and expenses;

competitive pressures, including those pressures resulting from continued industry consolidation and the increase in non-banks providing financial services could intensify and affect the Company's profitability;

a deterioration in the conditions of the securities markets could adversely affect the value or credit quality of the Company's assets, the availability and terms of funding necessary to meet the Company's liquidity needs, and the Company's ability to originate loans;

the potential to adapt to changes in information technology could adversely impact the Company's operations and require increased capital spending;

changes in consumer spending and savings habits could negatively impact the Company's financial results; and

future acquisitions may not produce results at levels or within time frames originally anticipated and may result in unforeseen integration issues.

If one or more of the factors affecting the Company's forward-looking information and statements proves incorrect, then the Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking information and statements contained in this Form 10-Q. Therefore, the Company cautions you not to place undue reliance on the Company's forward-looking information and statements.

The Company does not intend to update the Company's forward-looking information and statements, whether written or oral, to reflect change. All forward-looking statements attributable to the Company are expressly qualified by these cautionary statements.

**EXECUTIVE LEVEL OVERVIEW**

The Company's results of operations are largely dependent on net interest income, which is the difference between the interest earned on loans and securities and the interest paid on deposits and borrowings. The results of operations are also affected by the level of income/fees from loans, deposits, mortgage banking, and wealth management activities, as well as operating expenses, the provision for loan losses, the impact of federal and state income taxes, and the relative levels of interest rates and economic activity.

During the third quarter of 2007 management continued to implement its strategy to alter the overall composition of the Company's earning assets in order to focus resources in



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higher return segments. The Company reported diluted earnings per share of \$0.60 and \$1.45 for the third quarter and nine months ending September 30, 2007, respectively, representing an increase of 3.5% and a decrease of 11.0%, respectively, from the same periods in the prior year. There are no non-core items in either third quarter period. There are a number of non-core items in the year-to-date periods as detailed in the table below. Excluding these non-core items, diluted earnings per share on an operating basis were \$0.60 and \$1.57 for the quarter and nine months ended September 30, 2007, respectively, representing an increase of 3.5% and a decrease of 3.1%, respectively, from the same periods in 2006.

The Company reported net income of \$8.3 million and \$20.7 million for the third quarter and nine months ended September 30, 2007, down 2.9% and 16.6%, respectively, as compared to the same periods in 2006 as a result of a smaller balance sheet. Excluding certain non-core items, net operating earnings were \$8.3 million and \$22.4 million for the third quarter and nine months ended September 30, 2007 down 2.9% and 8.9%, respectively, from the same periods in the prior year.

The following table summarizes the impact of non-core items recorded for the time periods indicated below:

**RECONCILIATION TABLE NON-GAAP FINANCIAL INFORMATION**  
**Year to Date Ending September 30,**

	<b>Pretax Earnings</b>		<b>Net Income</b>		<b>Diluted Earnings Per Share</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<i>(Dollars in Thousands, except per share amounts)</i>					
<b>AS REPORTED (GAAP)</b>	\$ 27,544	\$ 35,914	\$ 20,651	\$ 24,749	\$ 1.45	\$ 1.63
	<b>IMPACT OF NON-CORE ITEMS</b>					
<b>Net Interest Income Components</b>						
Write-Off of Debt Issuance Cost	907		590		0.04	
<b>Non-Interest Income Components</b>						
Loss on Sale of Securities, Available for Sale		1,769		1,150		0.08
BOLI Benefit Proceeds		(1,316)		(1,316)		(0.09)
<b>Non-Interest Expense Components</b>						
Executive Early Retirement Costs	406		264		0.02	
Litigation Settlement	1,361		885		0.06	
<b>TOTAL IMPACT OF NON-CORE ITEMS</b>	2,674	453	1,739	(166)	0.12	(0.01)
<b>AS ADJUSTED (NON-GAAP)</b>	\$ 30,218	\$ 36,367	\$ 22,390	\$ 24,583	\$ 1.57	\$ 1.62

*Certain non-core items are included in the computation of earnings in accordance with generally accepted accounting principles ( GAAP ) in the United States of America in both 2007 and 2006 as indicated by the table above. In an effort to provide investors information regarding the Company s results, the Company has disclosed in the table above certain non-GAAP information, which management believes provides useful information to the*

*investor. This information should not be viewed as a substitute for operating results determined in accordance with GAAP, nor is it necessarily comparable to non-GAAP information which may be presented by other companies. There were no non-core items recorded during the current or year-ago quarters.*

Net interest margin strength and stability continued during the third quarter of 2007, as the net interest margin for the period was 3.98%, as compared to a normalized net interest margin of 4.00% for the second quarter of 2007 and 3.89% for the third quarter of 2006. The net interest margin is expected to be maintained in line with third quarter levels in the fourth quarter of 2007.

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The following graph shows the trend in the Company's net interest margin versus the Federal Funds Rate for each quarter end beginning September 30, 2005 through September 30, 2007:

\* The Q4 2006 Net Interest Margin is normalized for the impact of the write-off of \$995,000 of issuance costs in interest expense associated with the refinancing of higher rate trust preferred securities during the fourth quarter of 2006.

\*\* The Q2 2007 Net Interest Margin is normalized for the impact of the write-off of \$907,000 of issuance costs in interest expense associated with the refinancing of higher rate trust preferred securities during the second quarter of 2007.

While changes in the prevailing interest rate environment (see Historical U.S. Treasury Yield Curve graph below) have and will continue to have an impact on the Company's earnings, management strives to mitigate volatility in net interest income resulting from changes in benchmark interest rates through adjustable rate asset generation, effective liability management, and utilization of off-balance sheet interest rate derivatives. (For a discussion of interest rate derivatives and interest rate sensitivity see the Asset/Liability Management section, Table 8 Interest Rate Derivatives, and Market Risk section, Table 10 Interest Rate Sensitivity within the Management's Discussion and Analysis of Financial Condition and Results of Operations hereof.)

Below is a graph showing the historical U.S. Treasury yield curve for the past four years for periods ending September 30. As the graph illustrates, the shape of the yield curve has changed dramatically over the past four years from a normal upward sloping yield curve into a downward sloping or inverted yield curve.

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A yield curve is a graphic line chart that shows interest rates at a specific point for all securities having equal risk, but different maturity dates. <sup>1</sup> A flat yield curve is one in which there is little difference between short-term and long-term rates for bonds of the same credit quality. When short- and long-term bonds are offering equivalent yields, there is usually little benefit in holding the longer-term instruments that is, the investor does not gain any excess compensation for the risks associated with holding longer-term securities. For example, a flat yield curve on U.S. Treasury Securities would be one in which the yield on a two-year bond is 5% and the yield on a 30-year bond is 5.1%. <sup>2</sup>

<sup>1</sup> The Free Dictionary.com

<sup>2</sup> Investopedia.com

The Company's return on average assets and return on average equity were 1.24% and 15.57%, respectively, for the three month period ending September 30, 2007. The Company's return on average assets and return on average equity were 1.17% and 15.56%, respectively, for the three month period ending September 30, 2006.

Non interest income grew by 9.5% and 13.8%, respectively, for the quarter and on a year-to-date basis as compared to the same periods in 2006. Excluding the losses on the sale of securities and Bank Owned Life Insurance ( BOLI ) benefit net proceeds recognized during 2006, non-interest income grew by \$2.4 million, or 11.4%, in the nine month period ended September 30, 2007, when compared to 2006. See the table below for a reconciliation of non-interest income as adjusted.

	<b>Nine Months Ended September 30,</b>		<b>\$ Variance</b>	<b>% Variance</b>
	<b>2007</b>	<b>2006</b>		
	(Dollars in Thousands)			
<b>Non-Interest Income GAAP</b>	\$23,552	\$20,691	\$ 2,861	13.83%
Add Net Loss on Sale of Securities		1,769	(\$ 1,769)	-100.00%
Less BOLI Benefit Proceeds		(1,316)	\$ 1,316	-100.00%
<b>Non-Interest Income as Adjusted</b>	\$23,552	\$21,144	\$ 2,408	11.39%

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Leading the growth in non interest income is the Company's Wealth Management product set, the aggregate revenues of which have grown by 30.5% for the three and nine month periods ending September 30, 2007 as compared to the same periods in 2006. Assets under management have grown organically to \$1.1 billion, double the \$563.9 million of assets under management at the end of 2004. On July 30, 2007, the Company announced an agreement to acquire assets from O'Connell Investment Services, Inc. The Company anticipates that this transaction, which closed November 1, 2007, will add approximately \$200 million to assets under management.

Non interest expense has grown by 6.2% and 7.9% for the three and nine month periods ended September 30, 2007, respectively, compared to the same periods in the prior year. Excluding executive early retirement costs and the litigation settlement recognized during 2007, non-interest expense increased \$3.1 million, or 5.0%, for the nine months ended September 30, 2007, as compared to the same period in 2006. *See the table below for a reconciliation of non-interest expense as adjusted.*

	<b>Nine Months Ended September 30,</b>		<b>\$ Variance</b>	<b>% Variance</b>
	<b>2007</b>	<b>2006</b>		
	(Dollars in Thousands)			
<b>Non-Interest Expense GAAP</b>	\$ 65,925	\$ 61,091	\$ 4,834	7.91%
Less-Executive Early Retirement Costs	(406)		(406)	-100.00%
Less-Litigation Settlement	(1,361)		(1,361)	-100.00%
<b>Non-Interest Expense as Adjusted</b>	\$ 64,158	\$ 61,091	\$ 3,067	5.02%

The increase in expenses is partially attributable to early retirement costs of \$406,000 recorded in the first quarter of 2007 as well as a charge of \$1.4 million recorded in the second quarter of 2007 associated with the Computer Associates litigation (see below Part II, Item 1 *Legal Proceedings* for more information). The remaining increase in expenses is driven by the investments made in the Company's growth initiatives such as adding commercial lenders to its commercial business, costs associated with the new 1031 like-kind exchange business, commissions connected with retail wealth management, and adding originators to the mortgage lending business.

Management now feels that the Company is nearing the completion of the balance sheet repositioning that it has been focusing on over the past two years. Emphasis has been placed on growing the commercial and home equity lending segments of the loan portfolio while de-emphasizing the securities portfolio, indirect automobile lending, and residential loan portfolio. Although loan growth remained a challenge during the third quarter of 2007, overall activity picked up. Commercial lending is up 3.1% year to date with 65.4% of that growth coming in the third quarter. Home equity is trending similar to commercial lending with 50.0% of the year to date growth occurring in the third quarter. These loan categories are now outpacing the reduction in the other lending categories of indirect automobile and residential lending.

As the interest rate environment has not been conducive to maintaining or increasing the securities portfolio, the Company has permitted the securities portfolio to run-off causing it to decrease on both a relative basis (as a percent of earning assets) and an actual basis. During the third quarter there was a slight increase in the securities portfolio as the Company purchased \$30.0 million securities to replace scheduled maturities in the fourth quarter.

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Securities were \$478.8 million at September 30, 2007, down \$38.5 million from December 31, 2006. Securities as a percent of earning assets were 19.4% and 19.8% for September 30, 2007 and December 31, 2006, respectively.

The following pie charts depict the continuing shift in the composition of earning assets into the commercial, home equity, and small business banking lending as of September 30, 2007, 2006, and 2005.

**Components of Earning Assets for the Periods Ending**

The following graph shows the decline in the Company's securities portfolio on both an actual and relative basis from June 2006 through September 2007:

**Total Secutities**  
**(Dollars in Millions)**

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Total deposits of \$2.0 billion at September 30, 2007 decreased \$76.2 million, or 3.7%, compared to December 31, 2006, consistent with current funding needs. The Company remains committed to deposit generation, with careful management of deposit pricing and selective deposit promotion, in an effort to control the Company's cost of funds. In the current interest rate environment the Company is focused on pricing deposits for customer retention as well as core deposit growth.

While net loan charge-offs were higher in the third quarter of 2007 than in the same period in 2006, they were still relatively low at an annualized rate of 15 basis points of average loans. The allowance for loan losses as a percentage of total loans remained at 1.32% compared to December 31, 2006, maintaining the allowance for loan losses at a level that management considers adequate to provide for probable loan losses based upon evaluation of known and inherent risks in the loan portfolio. Nonperforming assets were \$6.6 million at September 30, 2007, a decrease of \$573,000 from December 31, 2006. See Table 2- Nonperforming Assets/ Loans for detail on nonperforming assets.

The following graph depicts the Company's non-performing assets to total assets at the periods indicated:

**Non-Performing Assets**  
**(Dollars in Millions)**

Some of the Company's other highlights for the nine months of 2007 included:

- o Acquiring Compass Exchange Advisors LLC on January 2, 2007.
- o Projecting a \$38 million capital contribution, in the aggregate, during 2007 into RTC CDE II to continue implementation of the \$45 million in tax credit allocation authority recently awarded under the New Markets Tax Credit Program.
- o On July 30, 2007, signing an agreement with O'Connell Investment Services Inc. to acquire the assets of O'Connell Investment Services Inc. The transaction, which closed November 1, 2007 is anticipated to add approximately \$200 million to the assets already under management by the Company's Investment Management Group. Management expects the transaction to increase fee revenue and be accretive in 2008.

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- o On October 11, 2007, signing a definitive merger agreement to acquire Slade's Ferry Bancorp, parent of Slade's Ferry Trust Company (commonly known as Slades Bank). Slade's Bank has 9 branches located in southeastern Massachusetts and along the Rhode Island border and \$628 million in total assets of which \$434 million are attributable to the loan portfolio. The transaction is valued at approximately \$105 million. Management expects the transaction to be accretive when it closes in 2008, before one time acquisition charges.
- o Continuing disciplined capital management, as reflected by the following:
  - During the quarter ending September 30, 2007 the Company completed its repurchase plan with a total of 1,000,000 shares of common stock repurchased at a weighted average price of \$30.70. For the quarter ending September 30, 2007 the Company repurchased 194,253 shares of common stock with a weighted average price of \$27.82.

The Bank redeemed all of its outstanding 8.375% Cumulative Trust Preferred Securities on April 30, 2007 which completed the refinancing plan of its Trust Preferred Securities. The Company will benefit from the redemption with a savings of approximately \$1.0 million in interest expense, on an annualized basis (the Company also wrote-off unamortized issuance costs of approximately \$907,000 in April of 2007 upon redemption of the 8.375% Trust Preferred Securities).

The Company increased the quarterly dividend effective the first quarter of 2007 by 6.3% to \$0.17 per share.

**FINANCIAL POSITION**

**Loan Portfolio** Total loans decreased by \$36.7 million, or 1.8%, during the nine months ended September 30, 2007. The decreases were mainly in residential real estate which decreased in total by \$50.2 million, or 12.6%, and the consumer-auto portfolio, which decreased by \$38.5 million, or 18.6%. Partially offsetting these decreases were increases in the total commercial portfolio, which increased by \$25.6 million, or 2.5%, the consumer-home equity portfolio of \$22.3 million, or 8.1%, and in small business banking loans of \$6.8 million, or 11.3%.

The Bank's commercial real estate portfolio, the Bank's largest portfolio, is diversified with loans secured by a variety of property types, such as owner-occupied and non-owner-occupied commercial, retail, office, industrial, warehouse and other special purpose properties, such as hotels, motels, restaurants, 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, to a lesser extent, condominiums. The following pie chart shows the diversification of the commercial real estate portfolio as of September 30, 2007.



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**Commercial Real Estate Portfolio by Property Type**

The Bank considers a concentration of credit to a particular industry to exist when the aggregate credit exposure to a borrower, an affiliated group of borrowers or a non-affiliated group of borrowers engaged in one industry exceeds 10% of the Bank's loan portfolio which includes direct, indirect or contingent obligations. As of September 30, 2007, loans made by the Company to the industry concentration of lessors of non-residential buildings constituted 10.2% of the Company's total loan portfolio. All of these loans were performing at September 30, 2007.

**Asset Quality** Rockland Trust actively manages all delinquent loans in accordance with formally drafted policies and established procedures. In addition, Rockland Trust's Board of Directors reviews delinquency statistics, by loan type, on a monthly basis.

*Delinquency* The Bank's philosophy toward managing its loan portfolios is predicated upon careful monitoring which stresses early detection and response to delinquent and default situations. The Bank seeks to make arrangements to resolve any delinquent or default situation over the shortest possible time. Generally, the Bank 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 and telephone calls may be issued prior to the expiration of the grace period. If the delinquent status is not resolved within a reasonable time following the mailing of a delinquency notice, the Bank personnel charged with managing its loan portfolios contacts the borrower to determine 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.



accruing interest, and nonaccrual loans. OREO includes properties held by the Bank as a result of foreclosure or by acceptance of a deed in lieu of foreclosure. As of September 30, 2007, nonperforming assets totaled \$6.6 million, a decrease of \$573,000, or 8.0%, compared to December 31, 2006. The overall decrease in nonperforming assets is attributable mainly to decreases in nonperforming loans shown in the residential mortgage loan categories and in the commercial and industrial

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category. Nonperforming assets represented 0.25% of total assets at both September 30, 2007 and December 31, 2006. The Bank had one property held as OREO totaling \$245,000 and no nonperforming securities for the period ending September 30, 2007.

Repossessed automobile loan balances continue to be classified as nonperforming loans, and not as other assets, because the borrower has the potential to satisfy the obligation within twenty days from the date of repossession (before the Bank can schedule disposal of the collateral). The borrower can redeem the property by payment in full at any time prior to the property's disposal by the Bank. Repossessed automobile loan balances amounted to \$340,000 as of September 30, 2007 and \$451,000 at both December 31, 2006 and September 30, 2006.

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

**Table 2 Nonperforming Assets / Loans**  
(Unaudited Dollars in Thousands)

	As of September 30, 2007	As of December 31, 2006	As of September 30, 2006
<b>Loans past due 90 days or more but still accruing</b>			
Consumer Home Equity	\$	\$	\$ 206
Consumer Auto	311	252	340
Consumer Other	118	137	37
Total	\$ 429	\$ 389	\$ 583
<b>Loans accounted for on a nonaccrual basis (1)</b>			
Commercial and Industrial	\$ 562	\$ 872	\$ 642
Business Banking	342	74	117
Commercial Real Estate	2,677	2,346	3,004
Residential Real Estate	1,224	2,318	1,838
Consumer Home Equity	747	358	200
Consumer Auto	340	451	451
Consumer Other	30	171	23
Total	\$ 5,922	\$ 6,590	\$ 6,275
Total nonperforming loans	\$ 6,351	\$ 6,979	\$ 6,858
Other real estate owned	\$ 245	\$ 190	\$ 190
Total nonperforming assets	\$ 6,596	\$ 7,169	\$ 7,048
Restructured loans	\$ 38	\$	\$
Nonperforming loans as a percent of gross loans	0.32%	0.34%	0.33%

Nonperforming assets as a percent of total assets	0.25%	0.25%	0.24%
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(1) There were \$38,000 restructured nonaccruing loans at September 30, 2007 and no restructured nonaccruing loans at December 31, 2006 and September 30, 2006.

In the course of resolving nonperforming loans, the Bank may choose to restructure the contractual terms of certain commercial and real estate loans. Terms may be modified to fit the ability of the borrower to repay in line with its current financial status a trouble debt restructuring . It is the Bank s policy to maintain restructured loans on nonaccrual status for approximately six months before management considers a restructured loan s return to accrual

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status. At September 30, 2007 the Bank had one loan totaling \$38,000 that was restructured and at December 31, 2006 and September 30, 2006 the Bank had no restructured loans.

Potential problem loans are any loans, which are not categorized as nonaccrual or non-performing loans and which are not considered troubled debt restructures, where known information about possible credit problems of the borrower(s) causes management to have concerns as to the ability of such borrower(s) to comply with present loan repayment terms. At September 30, 2007 the Bank had twelve potential problem loan relationships and at December 31, 2006 the Bank had fifteen potential problem loan relationships, which are not included in nonperforming loans. Outstanding balances on these loans totaled \$21.1 million and \$21.8 million at September 30, 2007 and December 31, 2006, respectively. At September 30, 2007, these problem loans continued to perform and the Company's management actively monitors these loans and strives to minimize any possible adverse impact to the Bank.

Real estate acquired by the Bank through foreclosure proceedings or the acceptance of a deed in lieu of foreclosure is classified as OREO. When property is acquired, it is recorded at the lesser of the loan's remaining principal balance or the estimated fair value of the property acquired, less estimated costs to sell. Any loan balance in excess of the estimated fair value less estimated cost to sell on the date of transfer is charged to the allowance for loan losses on that date. All costs incurred thereafter in maintaining the property, as well as subsequent declines in fair value are charged to non-interest expense.

Interest income that would have been recognized for both the three months ended September 30, 2007, and September 30, 2006, if nonperforming loans at the respective dates had been performing in accordance with their original terms, approximated \$53,000 and \$76,000, respectively. Interest income that would have been recognized for both the nine months ended September 30, 2007, and September 30, 2006, if nonperforming loans at the respective dates had been performing in accordance with their original terms, approximated \$246,000 and \$195,000, respectively. The actual amount of interest that was collected on these nonaccrual and restructured loans during the three months ended September 30, 2007 and September 30, 2006 and included in interest income was approximately \$15,000 and \$0, respectively. The actual amount of interest that was collected on these nonaccrual and restructured loans during the nine months ended September 30, 2007 and September 30, 2006, including interest income, was approximately \$109,000 and \$47,000, respectively.

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Impairment is measured on a loan by loan basis for commercial, commercial real estate and construction, and selectively, for certain consumer, residential or home equity loans, by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. Large groups of homogeneous loans are collectively evaluated for impairment. As

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such, the Bank does not typically identify individual loans within these groupings for impairment evaluation and disclosure.

At September 30, 2007, impaired loans include all commercial real estate loans and commercial and industrial loans on nonaccrual status and other loans that have been categorized as impaired. Total impaired loans at September 30, 2007 and December 31, 2006 were \$4.1 million and \$3.6 million, respectively.

**Allowance For Loan Losses** While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on increases in nonperforming loans, changes in economic conditions, or for other reasons. Various regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses.

The allowance for loan losses is maintained at a level that management considers adequate to provide for probable loan losses based upon evaluation of known and inherent risks in the loan portfolio. The allowance is increased by provisions for loan losses and by recoveries of loans previously charged-off and is reduced by loans charged-off.

As of September 30, 2007, the allowance for loan losses totaled \$26.2 million, or 1.32%, of total loans as compared to \$26.8 million, or 1.32%, of total loans at December 31, 2006. Based on management's analysis, management believes that the level of the allowance for loan losses at September 30, 2007 is adequate.

The following table summarizes changes in the allowance for loan losses and other selected loan data for the periods presented:

**Table of Contents****Table 3 Summary of Changes in the Allowance for Loan Losses**

	Quarter to Date				September 30, 2006
	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	
	<i>(Unaudited - Dollars in Thousands)</i>				
Average loans	\$ 1,971,023	\$ 1,987,156	\$ 2,003,218	\$ 2,032,331	\$ 2,038,194
Allowance for loan losses, beginning of period	\$ 26,650	\$ 26,815	\$ 26,815	\$ 26,814	\$ 26,811
Charged-off loans:					
Commercial and Industrial		133	334	45	
Business Banking	217	178	93	234	69
Commercial Real Estate					
Residential Real Estate					
Commercial Construction					
Residential Construction					
Consumer Home Equity		80			
Consumer Auto	452	324	420	498	469
Consumer Other	240	189	276	211	262
Total charged-off loans	909	904	1,123	988	800
Recoveries on loans previously charged-off:					
Commercial and Industrial	1	4	39	41	99
Business Banking	5	1	3	80	1
Commercial Real Estate					
Residential Real Estate					
Commercial Construction					
Residential Construction					
Consumer Home Equity					
Consumer Auto	105	86	126	125	111
Consumer Other	40	64	64	38	62
Total recoveries	151	155	232	284	273
Net loans charged-off	758	749	891	704	527
Provision for loan losses	300	584	891	705	530
Total allowance for loan losses, end of period	\$ 26,192	\$ 26,650	\$ 26,815	\$ 26,815	\$ 26,814
Net loans charged-off as a percent of average total loans (annualized)	0.15%	0.15%	0.18%	0.14%	0.10%
	1.32%	1.35%	1.34%	1.32%	1.31%



Total allowance for loan losses as a percent of total loans					
Total allowance for loan losses as a percent of nonperforming loans	412.41%	454.93%	364.65%	384.22%	390.99%
Net loans charged-off as a percent of allowance for loan losses (annualized)	11.58%	11.24%	13.29%	10.50%	7.86%
Recoveries as a percent of charge-offs (annualized)	16.61%	17.15%	20.66%	28.74%	34.13%

The allowance for loan losses is allocated to various loan categories as part of the Bank's process of evaluating its adequacy. The amount of allowance allocated to these loan categories was \$24.1 million at September 30, 2007, compared to \$25.4 million at December 31, 2006. The distribution of allowances allocated among the various loan categories as of September 30, 2007 was categorically similar to the distribution as of December 31, 2006. Increases or decreases in the amounts allocated to each category, as compared to those shown as of December 31, 2006, generally, reflect changes in portfolio balances outstanding due to new loan originations, loans re-paid, changes in levels of credit line usage and the results of ongoing credit risk assessments of the loan portfolio.

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The following table sets forth the allocation of the allowance for loan losses by loan category at the dates indicated. The allocation is made for analytical purposes and is not necessarily indicative of the categories in which actual losses may occur. The total allowance is available to absorb losses from any segment of the loan portfolio.

**Table 4 Summary of Allocation of the Allowance for Loan Losses**  
(Unaudited Dollars In Thousands)

	AT SEPTEMBER 30, 2007		AT DECEMBER 31, 2006	
	Allowance Amount	Percent of Loans In Category To Total Loans	Allowance Amount	Percent of Loans In Category To Total Loans
Allocated Allowances:				
Commercial and Industrial	\$ 3,336	8.9%	\$ 3,615	8.6%
Business Banking	1,029	3.4%	1,340	3.0%
Commercial Real Estate	13,064	38.3%	13,136	36.5%
Real Estate Construction	2,910	6.3%	2,955	6.3%
Real Estate Residential	505	17.2%	566	19.3%
Consumer Home Equity	898	15.1%	1,024	13.7%
Consumer Auto	1,682	8.5%	2,066	10.2%
Consumer Other	666	2.3%	652	2.4%
Unallocated Allowance	2,102	NA	1,461	NA
Total Allowance for Loan Losses	\$ 26,192	100.0%	\$ 26,815	100.0%

Allocated allowances for loan losses are determined using both a formula-based approach applied to groups of loans and an analysis of certain individual loans for impairment.

The formula-based approach evaluates groups of loans to determine the allocation appropriate within each portfolio section. Individual loans within the commercial and industrial, commercial real estate and real estate construction loan portfolio sections are assigned internal risk ratings to group them with other loans possessing similar risk characteristics. The level of allowance allocable to each group of risk-rated loans is then determined by management applying a loss factor that estimates the amount of probable loss inherent in each category. The assigned loss factor for each risk rating is a formula-based assessment of historical loss data, portfolio characteristics, economic trends, overall market conditions, past experience and management's analysis of considerations of probable loan loss based on these factors.

Allocations for business banking, residential real estate and other consumer loan categories are principally determined by applying loss factors that represent management's estimate of probable or expected losses inherent in those categories. In each section, inherent losses are estimated, based on a formula-based assessment of historical loss data, portfolio characteristics, economic trends, overall market conditions, past loan loss experience and management's considerations of probable loan loss based on these factors.

The other method used to allocate allowances for loan losses entails the assignment of allowance amounts to individual loans on the basis of loan impairment. Certain loans are evaluated individually and are judged to be impaired when management believes it is probable that the Bank will not collect all of the contractual interest and principal payments as scheduled in the loan agreement. Under this method, loans are selected for evaluation based upon a change in internal risk rating, occurrence of delinquency, loan classification or non-accrual

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status. A specific allowance amount is allocated to an impaired loan on the basis of: (a) the present value of anticipated future cash flows or on the loan's observable fair market value or (b) the fair value of collateral if the loan is collateral dependent. Loans evaluated for impairment and the specific allowance assigned to these loans totaled \$4.1 million and \$0, respectively, at September 30, 2007 and \$3.6 million and \$414,000, respectively, at December 31, 2006.

A portion of the allowance for loan losses is not allocated to any specific section of the loan portfolio. This unallocated allowance is maintained for two primary reasons: (a) there exists an inherent subjectivity and imprecision to the analytical processes employed and (b) the prevailing business environment, as it is affected by changing economic conditions and various external factors, may impact the portfolio. Moreover, management has identified certain risk factors, which could impact the degree of loss sustained within the portfolio. These include: (a) market risk factors, such as the effects of economic variability on the entire portfolio, and (b) unique portfolio risk factors that are inherent characteristics of the Bank's loan portfolio. Market risk factors may consist of changes to general economic and business conditions that may impact the Bank's loan portfolio customer base in terms of ability to repay and that may result in changes in value of underlying collateral. Unique portfolio risk factors may include industry concentration or covariant industry concentrations, geographic concentrations or trends that may exacerbate losses resulting from economic events which the Bank may not be able to fully diversify out of its portfolio.

Due to the imprecise nature of the loan loss estimation process and ever changing conditions, these risk attributes may not be adequately captured in data related to the formula-based loan loss components used to determine allocations in the Bank's analysis of the adequacy of the allowance for loan losses. Management, therefore, has established and maintains an unallocated allowance for loan losses. The amounts of the unallocated allowance were \$2.1 million, \$1.5 million, and \$2.5 million at September 30, 2007, December 31, 2006, and December 31, 2005, respectively.

The unallocated allowance was reduced at December 31, 2006 due to an incremental increase in the amount of allowance allocated towards the commercial loan portfolio. Certain commercial credit relationships were identified as classified in the third quarter of 2006, requiring greater allowance amounts based upon the application of standard loan loss allocation factors reflecting expected losses for classified loans. In light of the recognition of the incremental increase in risk for certain of these credit relationships, management elected to pursue its available options to exit these relationships during the latter half of 2006. It was the expectation of management that the disposition of these credit relationships might not require the entire allowance allocated to them by the use of the standard loss factor, pending the outcome of the Bank's exit strategy. Accordingly, as management was actively seeking to exit out of these relationships through its portfolio management practices, the unallocated allowance was reduced during the third and fourth quarters of 2006 as expectations related to these relationships improved. During 2007, substantive amounts of these higher-risk relationships were resolved, and removed from their respective loan categories. As a result, the unallocated allowance amount at September 30, 2007 was aligned more closely with its 2005 level.

Management has deemed the current unallocated allowance level adequate based on a careful analysis of national and local economic conditions in conjunction with an evaluation of asset quality trends in the loan portfolio. The Massachusetts economy exhibited significant growth during the second quarter of 2007, outpacing national GDP growth according to the most recent data from local economic experts. Additionally, statewide growth is expected to

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continue for the rest of the year at a more moderate pace. The weak dollar has boosted exports statewide, especially in the technology and science-related sectors, and employment has continued to grow. Within the Bank's loan portfolio, delinquency balances are up quarter to quarter but the ratio of delinquencies to loans has improved quarter to quarter, nonperforming asset balances remained at acceptable levels, and the level of charge-offs was flat from the second quarter of 2007 and down from the first quarter of this year.

**Goodwill and Core Deposit Intangibles** Goodwill and Core Deposit Intangibles ( CDI ) increased \$1.8 million, or 3.3%, to \$58.4 million at September 30, 2007 from December 31, 2006. Goodwill increased \$2.1 million as a result of the acquisition of Compass Exchange Advisors LLC completed on January 2, 2007. In connection with that acquisition the Bank established a wholly-owned subsidiary known as Compass Exchange Advisors LLC ( CEA ). CEA offers qualified intermediary like-kind exchange services pursuant to Internal Revenue Code Section 1031 to corporate, institutional, and individual property owners.

Core deposit intangibles decreased \$242,000 due to normal amortization.

**Securities** Securities decreased by \$38.5 million, or 7.4%, during the nine months ended September 30, 2007. This decrease resulted mainly from the call of securities and normal runoff in the portfolio. The ratio of securities to total assets as of September 30, 2007 was 17.9%, as compared to 18.3% at December 31, 2006. The Company purchased \$30.0 million in securities in the third quarter of 2007, consisting primarily of mortgage backed securities, purchased to replace scheduled maturities in the fourth quarter.

**Deposits** Total deposits of \$2.0 billion at September 30, 2007 decreased \$76.2 million, or 3.7%, compared to December 31, 2006. The Company experienced a decrease in core deposits of \$28.8 million, or 1.9%, and a decrease in time deposits of \$47.4 million, or 8.4%. For the three month period between June 30, 2007 and September 30, 2007 deposits decreased by \$37.9 million, or 1.9%, reflecting fluctuations in attorney accounts and municipal balances.

**Borrowings** Total borrowings decreased \$62.7 million, or 12.7%, from December 31, 2006 to \$430.9 million at September 30, 2007, of which \$25.8 million relates to the calling of the \$25.0 million trust preferred securities as part of the Company's debt refinancing strategy. The remaining decrease is due to the excess cash flow from the securities portfolio and certain loan categories being used to decrease wholesale borrowing.

**Stockholders' Equity** Stockholders' equity as of September 30, 2007 totaled \$214.2 million, as compared to \$229.8 million at December 31, 2006. Equity decreased mainly due to stock repurchases of \$30.7 million, and dividends declared of \$7.1 million, offset by the net change in the unrealized losses on securities of \$1.1 million, and net income of \$20.7 million.

**Equity to Assets Ratio** The ratio of equity to assets was 8.0% and 8.1% at September 30, 2007 and at December 31, 2006, respectively.

**Table of Contents****RESULTS OF OPERATIONS**

**Summary of Results of Operations** The Company's results of operations are largely dependent on net interest income, which is the difference between the interest earned on loans and securities and the interest paid on deposits and borrowings. The results of operations are also affected by the level of income/fees from loans, deposits, mortgage banking, and wealth management activities, as well as operating expenses, the provision for loan losses, the impact of federal and state income taxes, and the relative levels of interest rates and economic activity.

The Company reported net income of \$8.3 million, a \$244,000, or 2.9% decrease, for the third quarter of 2007 as compared to the third quarter of 2006. Diluted earnings per share were \$0.60 for the three months ended September 30, 2007, compared to \$0.58 for the three months ended September 30, 2006. The Company reported net income of \$20.7 million, a \$4.1 million, or 16.6% decrease, for the nine months ended September 30, 2007 as compared with the same period in 2006. Diluted earnings per share were \$1.45 for the nine months ended September 30, 2007, compared to \$1.63 for the nine months ended September 30, 2006.

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

On a fully tax equivalent basis, net interest income for the third quarter of 2007 decreased \$1.6 million, or 6.1%, to \$24.7 million, as compared to the third quarter of 2006. The Company's net interest margin was 3.98% for the quarter ended September 30, 2007 as compared to 3.89% for the quarter ended September 30, 2006. The Company's interest rate spread (the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities) was 3.32% for the third quarter of 2007, a 4 basis point increase when compared to the same period in the prior year.

The yield on earning assets was 6.49% for the quarter ending September 30, 2007, compared with 6.40% the same quarter ending in 2006. The average balance of securities has deliberately been decreased by \$163.2 million, or 26.2%, as compared with the prior year as management is allowing the securities portfolio to run-off in the current interest rate environment. The average balance of loans decreased by \$67.2 million, or 3.3%, and the yield on loans increased by 6 basis points to 6.90% for the third quarter of 2007 compared to 6.84% for the third quarter in 2006. This increase in the yield on earning assets is largely attributable to variable rate loans re-pricing higher with increases in the underlying rate index (e.g. LIBOR, Prime).

For the third quarter of 2007, as compared to the same period in 2006, the average balance of interest-bearing liabilities decreased by \$209.7 million, or 9.6%. The average cost of these interest bearing liabilities increased to 3.17% compared to 3.12% in 2006. The increase in cost of funds is due to the cost of deposits primarily attributable to deposit competition.

For the nine months ending September 30, 2007 the cost of total funds increased 26 basis points to 2.58% as compared to the same period in 2006 and the average balance decreased by \$213.0 million. As part of the Company's debt refinancing strategy the Company carried an additional \$25.8 million of junior subordinated debentures at a rate of 6.52% for

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approximately four months in anticipation of calling \$25.8 million of more expensive 8.375% debt. Carrying this additional debt for four months also contributed to a higher cost of funds for the 2007 nine month period as compared to the same period in 2006.

The following tables present the Company's daily average balances, net interest income, interest rate spread, and net interest margin for the three and nine months ending September 30, 2007 and September 30, 2006. For purposes of the table and the following discussion, income from interest-earning assets and net interest income are presented on a fully-taxable equivalent basis by adjusting income and yields earned on tax-exempt interest received on loans to qualifying borrowers and on certain of the Company's securities to make them equivalent to income and yields on fully-taxable investments, assuming a federal income tax rate of 35%.

Table of Contents**Table 5 Average Balance, Interest Earned/Paid & Average Yields**  
(Unaudited Dollars in Thousands)

FOR THE THREE MONTHS ENDED SEPTEMBER 30,	INTEREST			INTEREST		
	AVERAGE BALANCE	EARNED/ PAID	AVERAGE YIELD/RATE	AVERAGE BALANCE	EARNED/ PAID	AVERAGE YIELD/RATE
	2007	2007	2007	2006	2006	2006
<b>Interest-earning Assets:</b>						
Federal Funds Sold and Short Term Investments	\$ 50,936	\$ 679	5.33%	\$ 44,168	\$ 577	5.23%
Securities:						
Trading Assets	1,704	10	2.35%	1,534	12	3.13%
Taxable Investment Securities (1)	407,429	4,765	4.68%	564,393	6,884	4.88%
Non-taxable Investment Securities (1)(2)	49,882	811	6.50%	56,266	929	6.60%
Total Securities:	459,015	5,586	4.87%	622,193	7,825	5.03%
Loans (1)	1,971,023	33,993	6.90%	2,038,194	34,846	6.84%
<b>Total Interest-Earning Assets</b>	<b>\$ 2,480,974</b>	<b>\$ 40,258</b>	<b>6.49%</b>	<b>\$ 2,704,555</b>	<b>\$ 43,248</b>	<b>6.40%</b>
Cash and Due from Banks	58,484			59,846		
Other Assets	148,915			152,524		
<b>Total Assets</b>	<b>\$ 2,688,373</b>			<b>\$ 2,916,925</b>		
<b>Interest-bearing Liabilities:</b>						
Deposits:						
Savings and Interest Checking Accounts	\$ 574,239	\$ 2,072	1.44%	\$ 555,666	\$ 1,326	0.95%
Money Market	465,302	3,585	3.08%	520,632	4,055	3.12%
Time Deposits	521,884	5,462	4.19%	582,526	5,848	4.02%
Total interest-bearing deposits:	1,561,425	11,119	2.85%	1,658,824	11,229	2.71%
Borrowings:						
Federal Home Loan Bank Borrowings	\$ 249,698	\$ 2,806	4.50%	\$ 340,400	\$ 3,700	4.35%
Federal Funds Purchased and Assets Sold Under Repurchase Agreement	96,145	703	2.92%	122,842	926	3.02%
Junior Subordinated Debentures	51,547	862	6.69%	51,546	1,117	8.67%
Other Borrowings	5,839	92	6.30%	708	8	4.52%
Total borrowings:	403,229	4,463	4.43%	515,496	5,751	4.46%
<b>Total Interest-Bearing Liabilities</b>	<b>\$ 1,964,654</b>	<b>\$ 15,582</b>	<b>3.17%</b>	<b>\$ 2,174,320</b>	<b>\$ 16,980</b>	<b>3.12%</b>
Demand Deposits	496,253			505,134		
Other Liabilities	13,978			17,473		

Total Liabilities	2,474,885	2,696,927
Stockholders Equity	213,488	219,998
<b>Total Liabilities and Stockholders Equity</b>	<b>\$ 2,688,373</b>	<b>\$ 2,916,925</b>

Net Interest Income	\$ 24,676	\$ 26,268
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Interest Rate Spread (3)	3.32%	3.28%
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Net Interest Margin (3)	3.98%	3.89%
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**Supplemental Information:**

Total Deposits, including Demand Deposits	\$ 2,057,678	\$ 11,119	\$ 2,163,958	\$ 11,229
Cost of Total Deposits			2.16%	2.08%
Total Funding Liabilities, including Demand Deposits	\$ 2,460,907	\$ 15,582	\$ 2,679,454	\$ 16,980
Cost of Total Funding Liabilities			2.53%	2.53%

(1) Investment Securities are at average fair value.

(2) The total amount of adjustment to present interest income and yield on a fully tax-equivalent basis is \$406 and \$439 for the three months ended September 30, 2007 and 2006, respectively. Also, non-accrual loans have been included in the average loan category; however, unpaid interest on non-accrual loans has not been included



for purposes of determining interest income.

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

Table of Contents**Table 6 Average Balance, Interest Earned/Paid & Average Yields**  
(Unaudited Dollars in Thousands)

FOR THE NINE MONTHS ENDED SEPTEMBER 30,	INTEREST			INTEREST		
	AVERAGE BALANCE	EARNED PAID	AVERAGE YIELD/RATE	AVERAGE BALANCE	EARNED PAID	AVERAGE YIELD/RATE
	2007	2007	2007	2006	2006	2006
<b>Interest-earning Assets:</b>						
Federal Funds Sold and Short Term Investments	\$ 35,242	\$ 1,412	5.34%	\$ 19,469	\$ 729	4.99%
Securities:						
Trading Assets	1,681	33	2.62%	1,562	31	2.65%
Taxable Investment Securities (1)	424,797	15,143	4.75%	595,510	20,504	4.59%
Non-taxable Investment Securities (1)(2)	51,765	2,511	6.47%	58,594	2,978	6.78%
Total Securities:	478,243	17,687	4.93%	655,666	23,513	4.78%
Loans (2)	1,987,015	101,720	6.83%	2,044,053	101,820	6.64%
<b>Total Interest-Earning Assets</b>	<b>\$ 2,500,500</b>	<b>\$ 120,819</b>	<b>6.44%</b>	<b>\$ 2,719,188</b>	<b>\$ 126,062</b>	<b>6.18%</b>
Cash and Due from Banks	59,583			59,842		
Other Assets	148,683			151,815		
<b>Total Assets</b>	<b>\$ 2,708,766</b>			<b>\$ 2,930,845</b>		
<b>Interest-bearing Liabilities:</b>						
Deposits:						
Savings and Interest Checking Accounts	\$ 575,451	\$ 5,866	1.36%	\$ 563,270	\$ 3,234	0.77%
Money Market	467,490	10,635	3.03%	528,893	10,906	2.75%
Time Deposits	534,087	16,528	4.13%	556,514	14,953	3.58%
Total interest-bearing deposits:	1,577,028	33,029	2.79%	1,648,677	29,093	2.35%
Borrowings:						
Federal Home Loan Bank Borrowings	\$ 246,896	\$ 8,266	4.46%	\$ 379,621	\$ 12,031	4.23%
Federal Funds Purchased and Assets Sold Under Repurchase Agreement	100,347	2,288	3.04%	112,726	2,261	2.67%
Junior Subordinated Debentures	62,781	4,187	8.89%	51,546	3,352	8.67%
Other Borrowings	2,493	116	6.20%	1,120	36	4.29%
Total borrowings:	412,517	14,857	4.80%	545,013	17,680	4.33%
<b>Total Interest-Bearing Liabilities</b>	<b>\$ 1,989,545</b>	<b>\$ 47,886</b>	<b>3.21%</b>	<b>\$ 2,193,690</b>	<b>\$ 46,773</b>	<b>2.84%</b>
Demand Deposits	485,922			494,762		
Other Liabilities	13,881			18,182		
Total Liabilities	2,489,348			2,706,634		

Stockholders Equity	219,418		224,211	
<b>Total Liabilities and Stockholders Equity</b>	<b>\$ 2,708,766</b>		<b>\$ 2,930,845</b>	
Net Interest Income		\$ 72,933		\$ 79,289
Interest Rate Spread (3)			3.23%	3.34%
Net Interest Margin (3)			3.89%	3.89%
<b>Supplemental Information:</b>				
Total Deposits, including Demand Deposits	\$ 2,062,950	\$ 33,029	\$ 2,143,439	\$ 29,093
Cost of Total Deposits			2.13%	1.81%
Total Funding Liabilities, including Demand Deposits	\$ 2,475,467	\$ 47,886	\$ 2,688,452	\$ 46,773
Cost of Total Funding Liabilities			2.58%	2.32%

(1) Investment Securities are at average fair value.

(2) The total amount of adjustment to present interest income and yield on a fully tax-equivalent basis is \$1,241 and \$1,345 for the nine months ended September 30, 2007 and 2006, respectively. Also, non-accrual loans have been included in the average loan category; however, unpaid interest on non-accrual loans has not been included for purposes of

determining  
interest income.

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

The following table presents certain information on a fully tax-equivalent 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 old 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).

**Table of Contents****Table 7 Volume Rate Analysis**

	Three Months Ended September 30, 2007 Compared to 2006				Nine Months Ended September 30, 2007 Compared to 2006			
	Change Due to Rate	Change Due to Volume	Change Due to Volume/ Rate	Total Change	Change Due to Rate	Change Due to Volume	Change Due to Volume/ Rate	Total Change
	<i>(Unaudited - Dollars in Thousands)</i>				<i>(Unaudited - Dollars in Thousands)</i>			
<b>Income on interest-earning assets:</b>								
Federal funds sold	\$ 12	\$ 88	\$ 2	\$ 102	\$ 51	\$ 591	\$ 41	\$ 683
Securities:								
Taxable securities	(283)	(1,915)	79	(2,119)	725	(5,878)	(208)	(5,361)
Non-taxable securities (1)	(14)	(105)	1	(118)	(136)	(347)	16	(467)
Trading assets	(3)	1		(2)		2		2
Total Securities:	(300)	(2,019)	80	(2,239)	589	(6,223)	(192)	(5,826)
Loans (1) (2)	305	(1,148)	(10)	(853)	2,820	(2,841)	(79)	(100)
Total	\$ 17	\$ (3,079)	\$ 72	\$ (2,990)	\$ 3,460	\$ (8,473)	\$ (230)	\$ (5,243)
<b>Expense of interest-bearing liabilities:</b>								
Deposits:								
Savings and Interest								
Checking accounts	\$ 679	\$ 44	\$ 23	\$ 746	\$ 2,508	\$ 70	\$ 54	\$ 2,632
Money Market	(44)	(431)	5	(470)	1,126	(1,266)	(131)	(271)
Time deposits	249	(609)	(26)	(386)	2,269	(603)	(91)	1,575
Total interest-bearing deposits:	884	(996)	2	(110)	5,903	(1,799)	(168)	3,936
Borrowings:								
Federal Home Loan								
Bank borrowings	\$ 125	\$ (986)	\$ (33)	\$ (894)	\$ 679	\$ (4,207)	\$ (237)	\$ (3,765)
Federal funds purchased and assets sold under repurchase agreements								
	(28)	(201)	6	(223)	309	(248)	(34)	27
Junior Subordinated Debentures								
	(255)			(255)	86	730	19	835
Other Borrowings	3	58	23	84	16	44	20	80
Total borrowings:	(155)	(1,129)	(4)	(1,288)	1,090	(3,681)	(232)	(2,823)

Total	\$ 729	\$ (2,125)	\$ (2)	\$ (1,398)	\$ 6,993	\$ (5,480)	\$ (400)	\$ 1,113
Change in net interest income	\$ (712)	\$ (954)	\$ 74	\$ (1,592)	\$ (3,533)	\$ (2,993)	\$ 170	\$ (6,356)

(1) The total amount of adjustment to present income and yield on a fully tax-equivalent basis is \$406 and \$439 for the three months ended September 30, 2007 and 2006, respectively, and is \$1,241 and \$1,345 for the nine months ended September 30, 2007 and 2006, respectively.

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

**Provision For Loan Losses** The provision for loan losses represents the charge to expense that is required to maintain an adequate level of allowance for loan losses. Management's periodic evaluation of the adequacy of the allowance considers past loan loss experience, known and inherent risks in the loan portfolio, adverse situations which may affect the borrowers' ability to repay, the estimated value of the underlying collateral, if any, and current economic conditions. Substantial portions of the Bank's loans are secured by real estate in Massachusetts. Accordingly, the ultimate collectibility of a substantial portion of the Bank's loan portfolio is susceptible to changes in property values within the state.

The provision for loan losses decreased to \$300,000 and increased to \$1.8 million for the three and nine months ended September 30, 2007, respectively, compared with the \$530,000 and \$1.6 million reported in the comparable

year-ago period.

The ratio of the allowance for loan losses to total loans was 1.32% at both September 30, 2007 and December 31, 2006 and was 1.31% at September 30, 2006. The allowance for loan losses at September 30, 2007 was 412.41% of nonperforming loans, as compared to 384.22% at December 31, 2006 and 390.99% at September 30, 2006.

The provision for loan losses is based upon management's evaluation of the level of the allowance for loan losses in relation to the estimate of loss exposure in the loan portfolio. An analysis of individual loans and the overall risk characteristics and size of the different loan portfolios is conducted on an ongoing basis and is reviewed periodically by an independent

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third-party loan review consultant. As adjustments are identified, they are reported in the earnings of the period in which they become known.

**Non-Interest Income** Non-interest income increased by \$671,000, or 9.5%, and by \$2.9 million, or 13.8%, during the three and nine months ended September 30, 2007, respectively, as compared to the same periods in the prior year.

Service charges on deposit accounts increased by \$85,000, or 2.3%, and by \$43,000, or 0.4%, for the three and nine months ended September 30, 2007, respectively, as compared to the same periods in 2006.

Wealth management revenue increased by \$438,000, or 30.5%, and \$1.4 million, or 30.5%, for the three and nine months ended September 30, 2007, compared to the same periods in 2006. Investment management income increased by \$351,000, or 26.3%, and \$892,000, or 21.7%, for the three and nine months ended September 30, 2007. Assets under administration at September 30, 2007 were \$1.1 billion, an increase of \$361.7 million, or 48.6%, as compared to September 30, 2006. Retail wealth management revenue improved by \$86,000, or 87.2%, and \$480,000, or 127.2%, for the three and nine months ended September 30, 2007, respectively, due to a change in the model origination and an increase in sales.

Mortgage banking income increased by \$97,000, or 18.4%, and \$223,000, or 11.2%, for the three and nine months ended September 30, 2007, respectively, as compared to the same periods in 2006. The balance of the mortgage servicing asset was \$2.2 million and loans serviced amounted to \$263.7 million as of September 30, 2007. The increase in mortgage banking income for both the three and nine month periods in 2007 is mainly attributable to the premiums received on loans sold with servicing released.

Bank owned life insurance ( BOLI ) income increased \$19,000, or 4.0%, and decreased \$1.3 million, or 48.2%, for the three and nine months ended September 30, 2007 as compared to the same periods ended September 30, 2006. The decrease in the nine month period is due to the \$1.3 million tax exempt BOLI death benefit proceeds realized during the first quarter of 2006.

There were no gains or losses on the sale of securities during the third quarter of 2007 or 2006 nor during the first nine months of 2007. A \$1.8 million loss on the sale of securities was recorded in the first quarter of 2006 and is reflected in the nine months ended September 30, 2006.

Other non-interest income increased by \$32,000, or 3.4%, and \$769,000, or 29.7%, for the three and nine months ended September 30, 2007, as compared to the same periods in 2006, largely attributable to the revenue associated with the 1031 deferred tax exchange business acquired in the first quarter of 2007.

**Non-Interest Expense** Non-interest expense increased by \$1.2 million, or 6.2%, and \$4.8 million, or 7.9%, for the three and nine months ended September 30, 2007, respectively, as compared to the same periods in 2006.

Salaries and employee benefits increased by \$1.0 million, or 8.4%, and \$3.2 million, or 9.0%, for the three and nine months ended September 30, 2007, respectively, as compared to the same periods in 2006. Included in salaries and benefits for the nine month period are



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executive early retirement costs amounting to \$406,000 recorded in the first quarter of 2007. The remaining increase in salaries and benefits is attributable to annual merit increases, the Compass Exchange Advisors acquisition at the beginning of 2007, commissions, and other new hires to support growth initiatives.

Occupancy and equipment related expense increased by \$17,000, or 0.7%, and decreased by \$62,000, or 0.8%, for the three and nine months ending September 30, 2007, respectively, as compared to the same period in 2006.

Data processing and facilities management decreased by \$88,000, or 7.6%, and increased by \$106,000, or 3.3%, for the three and nine month periods ending September 30, 2007, respectively, as compared to the same periods in 2006. The increases in the year to date period are largely due to the outsourcing of the Bank's computer support beginning in the second quarter of 2006.

Other non-interest expense increased by \$289,000, or 6.7%, and \$1.5 million, or 10.9%, for the three and nine months ended September 30, 2007, as compared to the same periods in the prior year. The increase for the nine month period is primarily attributable to the previously mentioned \$1.4 million litigation settlement recorded in the second quarter of 2007.

**Income Taxes** For the quarters ending September 30, 2007 and September 30, 2006, the Company recorded combined federal and state income tax provisions of \$2.2 million and \$3.8 million, respectively. These provisions reflect effective income tax rates of 20.7% and 30.9% for the quarters ending September 30, 2007 and September 30, 2006, respectively. The decrease in the effective tax rate is mainly attributable to additional New Markets Tax Credits being recognized in 2007 (see below for more information) as well as a reduction in the Company's allowance for uncertain tax positions, recorded in September 2007, related to the 2003 tax year that is no longer subject to income tax examination.

The tax effects of all income and expense transactions are 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.

During the second quarter of 2004, the Company announced that one of its subsidiaries (a Community Development Entity, or CDE, described above as RTC CDE I), had been awarded \$30.0 million in tax credit allocation authority under the New Markets Tax Credit ( NMTC ) program of the United States Department of Treasury. During 2006, the Company, through another of its CDE subsidiaries described above as RTC CDE II, was awarded an additional \$45.0 million in tax credit allocation authority under the New Markets Tax Credit program.

In both 2004 and 2005, the Bank invested \$15.0 million during each year from the first \$30.0 million award into RTC CDE I. During the first nine months of 2007 the Bank invested \$17.5 million into RTC CDE II to provide it with the capital necessary to begin assisting qualified businesses in low-income communities throughout its market area. The Company plans to invest an additional \$20.5 million during 2007 and therefore has recognized the related credits in its effective tax rate. Based upon the Bank's total \$47.5 million investment in RTC CDE I and RTC CDE II and a planned additional \$20.5 million investment to be made in 2007, it is eligible to receive tax credits over a seven year period totaling 39.0% of its investment, or \$26.5 million. The Company recognized a \$2.7 million benefit from these tax credits for the nine months ending September 30, 2007. A \$1.1 million tax credit benefit was recognized for the nine months ending September 30, 2006. The following table details the

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remaining expected tax credit recognition by year based upon the two \$15.0 million investments made in 2004 and 2005, and the anticipated full year investment of \$38.0 million in 2007.

**Table 8 New Markets Tax Credit Recognition Schedule****(Dollars in Thousands)**

										<b>Total</b>
	<b>Investment</b>	<b>2004 - 2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Credits</b>
<b>2004</b>	<b>\$15M</b>	\$ 2,250	\$ 900	\$ 900	\$ 900	\$ 900	\$	\$	\$	\$ 5,850
<b>2005</b>	<b>\$15M</b>	\$ 1,500	\$ 750	\$ 900	\$ 900	\$ 900	\$ 900	\$	\$	\$ 5,850
<b>2007</b>	<b>\$38M(1)</b>	\$	\$ 1,900	\$ 1,900	\$ 1,900	\$ 2,280	\$ 2,280	\$ 2,280	\$ 2,280	\$ 14,820
<b>Total</b>	<b>\$68M</b>	\$ 3,750	\$ 3,550	\$ 3,700	\$ 3,700	\$ 4,080	\$ 3,180	\$ 2,280	\$ 2,280	\$ 26,520

(1) At September 30, 2007 \$17.5M of the \$38.0M has been invested.

**Return on Average Assets and Equity** The annualized consolidated returns on average equity and average assets for the three months ended September 30, 2007 were 15.57% and 1.24%, respectively, compared to 15.56% and 1.17% reported for the same period last year. For the nine months ended September 30, 2007, annualized consolidated returns on average equity were 12.55% and 1.02%, respectively, compared to 14.72% and 1.13% for the nine months ended September 30, 2006.

**Asset/Liability Management**

The Bank's asset/liability management process monitors and manages, among other things, the interest rate sensitivity of the balance sheet, the composition of the securities portfolio, funding needs and sources, and the liquidity position. All of these factors, as well as projected asset growth, current and potential pricing actions, competitive influences, national monetary and fiscal policy, and the regional economic environment are considered in the asset/liability management process.

The Asset/Liability Management Committee (ALCO), whose members are comprised of the Bank's senior management, develops procedures consistent with policies established by the Board of Directors, which monitor and coordinate the Bank's interest rate sensitivity and the sources, uses, and pricing of funds. Interest rate sensitivity refers to the Bank's exposure to fluctuations in interest rates and its effect on earnings. If assets and liabilities do not re-price simultaneously and in equal volume, the potential for interest rate exposure exists. It is management'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 prudent limits, through the use of off-balance sheet hedging instruments such as interest rate swaps, floors and caps. The Committee employs simulation analyses in an attempt to quantify, evaluate, and manage the impact of changes in interest rates on the Bank's net interest income. In addition, the Bank engages an independent consultant to render advice with respect to asset and liability management strategy.

The Bank is careful to increase deposits without adversely impacting the weighted average cost of those funds. Accordingly, management has implemented funding strategies that include FHLB advances and repurchase agreement lines. These non-deposit funds are also viewed as a contingent source of liquidity and, when profitable lending and investment opportunities exist, access to such funds provides a means to leverage the balance sheet.

From time to time, the Bank has utilized interest rate swap agreements and interest rates caps and floors as hedging instruments against interest rate risk. An interest rate swap is an agreement whereby one party agrees to pay a floating rate of interest on a notional



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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. Interest rate caps and floors are agreements whereby one party agrees to pay a floating rate of interest on a notional principal amount for a predetermined period of time to a second party if certain market interest rate thresholds are realized. The amounts relating to the notional principal amount are not actually exchanged.

At September 30, 2007 and December 31, 2006 the Company had interest rate swaps and interest rate caps designated as cash flow hedges. The purpose of these swaps is to hedge the variability in the cash outflows of LIBOR-based borrowings attributable to changes in interest rates. The table below shows interest rate derivatives the Company held as of September 30, 2007 and December 31, 2006:

**Table 9 Interest Rate Derivatives****As of September 30, 2007**

Notional Amount	Trade Date	Effective Date	Maturity Date	Receive	Current Rate Received	Pay Fixed Swap Rate/ Cap Strike Rate	Market Value at September 30, 2007
				(Variable) Index (Dollars in Thousands)			
<b>Interest Rate Swaps</b>							
\$ 35,000	18-Jan-02	20-Jan-02	20-Jan-10	3 Month LIBOR	5.36%	4.06%	\$ 387
\$ 25,000	16-Feb-08	28-Dec-08	28-Dec-16	3 Month LIBOR	5.69%	5.04%	\$ 75
\$ 25,000	16-Feb-08	28-Dec-08	28-Dec-16	3 Month LIBOR	5.69%	5.04%	\$ 60
Total	\$ 85,000					Total	\$ 522
<b>Interest Rate Caps</b>							
\$ 100,000	27-Jan-03	31-Jan-03	31-Jan-08	3 Month LIBOR	5.36%	4.00%	\$ 372
<b>Grand Total</b>	<b>\$ 185,000</b>					<b>Grand Total</b>	<b>\$ 894</b>

**As of December 31, 2006**

Notional Amount	Trade Date	Effective Date	Maturity Date	Receive	Current Rate Received	Pay Fixed Swap Rate/ Cap Strike Rate	Market Value at December 31, 2006
				(Variable) Index (Dollars in Thousands)			
\$ 25,000	16-Jan-04	21-Jan-04	21-Jan-07		5.37%	2.49%	\$ 47

			3 Month LIBOR					
	\$ 35,000	18-Jan-05	20-Jan-05	20-Jan-10	LIBOR	5.37%	4.06%	\$ 936
	\$ 25,000	16-Feb-08	18-Dec-08	18-Dec-16	LIBOR	5.36%	5.04%	\$ 82
	\$ 25,000	16-Feb-08	18-Dec-08	18-Dec-16	LIBOR	5.36%	5.04%	\$ 89
Total	\$ 110,000						Total	\$ 1,154
<b>Interest Rate Caps</b>								
			3 Month LIBOR					
	\$ 100,000	27-Jan-05	31-Jan-05	31-Jan-08	LIBOR	5.38%	4.00%	\$ 1,284
<b>Grand Total</b>	<b>\$ 210,000</b>						<b>Grand Total</b>	<b>\$ 2,438</b>

During February 2006 the Company entered into two forward starting swaps, each with a \$25.0 million notional amount, with the intention of hedging \$50.0 million variable rate (LIBOR plus 148 basis points) trust preferred securities. On December 28, 2006, these forward starting swaps became effective when Trust V issued \$50.0 million of trust preferred securities which pay interest at a variable rate of interest of LIBOR plus 148 basis points. Through these swaps the Company has effectively locked in a fixed rate of 6.52% on that debt obligation.

As a result of the prolonged flat/inverted yield curve environment and the resulting strategy to de-leverage the balance sheet, management unwound \$25.0 million of notional value of interest rate swaps hedging 3 month revolving FHLB advances tied to LIBOR and paid down the underlying borrowings during 2006. The influx of liquidity associated with cash flows from the securities portfolio not being reinvested made the borrowings unnecessary. Gains of

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\$237,000 were realized against interest expense in the first quarter of 2006 associated with the sale of these interest rate swaps.

Additionally, the Company enters into commitments to fund residential mortgage loans with the intention of selling them in the secondary markets. The Company also enters into forward sales agreements for certain funded loans and loan commitments to protect against changes in interest rates. The Company records unfunded commitments and forward sales agreements at fair value with changes in fair value as a component of Mortgage Banking Income.

The following table set forth the fair value of residential mortgage loan commitments and forward sales agreements at the periods indicated:

**Table 10 Fair Value of Residential Mortgage Loan Commitments and Forward Sales Agreements**

	<b>September 30, 2007</b>	<b>Fair Value At December 31, 2006</b>	<b>September 30, 2006</b>
		<b>(Dollars in Thousands)</b>	
<b>Residential Mortgage Loan Commitments</b>	\$ 147	\$ 93	\$ 275
<b>Forward Sales Agreements</b>	(\$ 10)	\$ 60	(\$ 108)
		<b>Change for the Nine Months Ended September 30, 2007</b>	
		<b>2006</b>	
<b>Residential Mortgage Loan Commitments</b>		\$ 53	\$ 167
<b>Forward Sales Agreements</b>		(\$ 70)	(\$ 86)
<b>Total Change in Fair Value</b>		(\$ 17)	\$ 81

Changes in these fair values are recorded as a component of mortgage banking income.

**Market Risk** Market risk is the sensitivity of income to changes in interest rates, foreign exchange rates, commodity prices and other market-driven rates or prices. The Company has no trading operations, with the exception of funds managed by the Company's investment management group and that are held within a trust to fund non-qualified executive retirement obligations, and thus is only primarily exposed to non-trading market risk.

Interest-rate risk is the most significant non-credit risk to which the Company is exposed. Interest-rate risk is the sensitivity of income to changes in interest rates. Changes in interest rates, as well as fluctuations in the level and duration of assets and liabilities, affect net interest income, the Company's primary source of revenue. Interest-rate risk arises directly from the Company's core banking activities. In addition to directly impacting 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 as well as other affects.

The primary goal of interest-rate risk management is to control this risk within limits approved by the Board. These limits reflect the Company's tolerance for interest-rate risk over both short-term and long-term horizons. The Company attempts to control interest-rate risk by identifying, quantifying and, where appropriate, hedging its exposure. The Company manages its interest-rate exposure using a combination of on and off-balance sheet instruments, primarily fixed rate portfolio securities, and interest rate swaps.

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The Company quantifies its interest-rate exposures using net interest income simulation models, as well as simpler gap analysis, and Economic Value of Equity (EVE) analysis. Key assumptions in these simulation 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 nonmaturity deposits (e.g. DDA, NOW, savings and money market). The risk of prepayment tends to increase when interest rates fall. Since future prepayment behavior of loan customers is uncertain, the resultant interest rate sensitivity of loan assets cannot be determined exactly.

To mitigate these uncertainties, the Company gives careful attention to its assumptions. In the case of prepayment of mortgage assets, assumptions are derived from published dealer median prepayment estimates for comparable mortgage loans.

The Company manages the interest-rate risk inherent in its mortgage banking operations by entering into forward sales contracts. An increase in market interest rates between the time the Company commits to terms on a loan and the time the Company ultimately sells the loan in the secondary market will have the effect of reducing the gain (or increasing the loss) the Company records on the sale. The Company attempts to mitigate this risk by entering into forward sales commitments in amounts sufficient to cover all closed loans and a majority of rate-locked loan commitments.

The Company's policy on interest-rate risk simulation specifies that if interest rates were to shift gradually up or down 200 basis points, estimated net interest income for the subsequent 12 months should decline by less than 6.0%.

The following table sets forth the estimated effects on the Company's net interest income over a 12-month period following the indicated dates in the event of the indicated increases or decreases in market interest rates:

**Table 11 Interest Rate Sensitivity**

	<b>200 Basis Point Rate Increase</b>	<b>200 Basis Point Rate Decrease</b>
September 30, 2007	(2.8%)	0.8%
September 30, 2006	(3.2%)	(0.2%)

The results implied in the above table indicate estimated changes in simulated net interest income for the subsequent 12 months assuming a gradual shift up or down in market rates of 200 basis points across the entire yield curve. It should be emphasized, however, that the results are dependent on material assumptions such as those discussed above. For instance, asymmetrical rate behavior can have a material impact on the simulation results. If competition for deposits forced the Company to raise rates on those liabilities quicker than is assumed in the simulation analysis without a corresponding increase in asset yields, net interest income may be negatively impacted. Alternatively, if the Company is able to lag increases in deposit rates as loans re-price upward, net interest income would be positively impacted.

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The most significant factors affecting market risk exposure of the Company's net interest income during the third quarter of 2007 were (i) changes in the composition and prepayment speeds of mortgage assets and loans, (ii) the shape of the U.S. Government securities and interest rate swap yield curve, (iii) the level of U.S. prime interest rates, and (iv) the level of rates paid on deposit accounts.

The Company's earnings are not directly and materially impacted by movements in foreign currency rates or commodity prices. Movements in equity prices may have an indirect but modest impact on earnings by affecting the volume of activity or the amount of fees from investment-related business lines.

**Liquidity** Liquidity, as it pertains to the Company, is the ability to generate adequate amounts of cash in the most economical way for the institution to meet its ongoing obligations to pay deposit withdrawals and to fund loan commitments. 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 stable base of in-market core deposits. These funds are principally comprised of demand deposits, interest checking accounts, savings accounts, and money market accounts. Deposit levels are greatly influenced by interest rates, economic conditions, and competitive factors. The Bank has also established repurchase agreements with major brokerage firms as potential sources of liquidity. At September 30, 2007, the Company had no outstanding repurchase agreements. In addition to agreements with brokers, the Bank also had customer repurchase agreements outstanding amounting to \$91.7 million at September 30, 2007. As a member of the Federal Home Loan Bank, the Bank has access to approximately \$625.0 million of borrowing capacity. On September 30, 2007, the Bank had \$282.6 million outstanding in FHLB borrowings.

The Company, as a separately incorporated bank holding company, has no significant operations other than serving as the sole stockholder of the Bank. Its commitments and debt service requirement, at September 30, 2007, consist of \$51.5 million junior subordinated debentures, including accrued interest, issued to an unconsolidated subsidiary Independent Capital Trust V, in connection with the issuance of variable rate (LIBOR plus 1.48%) Capital Securities due in 2037, for which the Company has locked in a fixed rate of interest of 6.52% for 10 years through an interest rate swap. The Company called the junior subordinated debentures issued to Independent Capital Trust IV in April 2007. The Company's only obligations relate to its reporting obligations under the Securities and Exchange Act of 1934, as amended, and related expenses as a publicly traded company. The Company funds virtually all expenses through dividends paid by the Bank.

The Company actively manages its liquidity position under the direction of the Asset/Liability Management Committee. Periodic review under prescribed policies and procedures is intended to ensure that the Company will maintain adequate levels of available funds. At September 30, 2007, the Company's liquidity position was well above policy guidelines. Management believes that the Bank has adequate liquidity available to respond to current and anticipated liquidity demands.

**Capital Resources and Dividends** The Federal Reserve Board, the Federal Deposit Insurance Corporation, and other regulatory agencies have established capital guidelines for



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banks and bank holding companies. Risk-based capital guidelines issued by the federal regulatory agencies require banks to meet a minimum Tier 1 risk-based capital ratio of 4.0% and a total risk-based capital ratio of 8.0%. At September 30, 2007, the Company had a Tier 1 risk-based capital ratio of 10.35% and a total risk-based capital ratio of 11.60%. The Bank had a Tier 1 risk-based capital ratio of 10.53% and a total risk-based capital ratio of 11.78% as of the same date.

A minimum requirement of 4.0% Tier 1 leverage capital is also mandated. On September 30, 2007, the Company and the Bank had Tier 1 leverage capital ratios of 7.98% and 8.13%, respectively.

On September 20, 2007 the Company's Board of Directors declared a cash dividend of \$0.17 per share, a 6.3% increase from December 2006, to stockholders of record as of the close of business on September 25, 2007. This dividend was paid on October 5, 2007. On an annualized basis, the dividend payout ratio amounted to 32.49% of the trailing four quarters' earnings.

**Contractual Obligations, Commitments, Contingencies, and Off-Balance Sheet Financial Instruments** There have been no material changes in contractual obligations, commitments, contingencies, and off-balance sheet financial instruments during the third quarter of 2007. Please refer to the 2006 Form 10-K for a complete table of contractual obligations, commitments, contingencies, and off-balance sheet financial instruments.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Information required by this Item 3 is included in Item 2 of Part I of this Form 10-Q, entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

**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 Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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 are effective as of the end of the period covered by this quarterly report.

**Changes in Internal Controls over Financial Reporting.** There were no changes in our internal control over financial reporting that occurred during the third quarter of 2007 that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

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**Item 4T. Controls and Procedures N/A**

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

Rockland Trust, the wholly-owned bank subsidiary of the Company, is the plaintiff in the federal court case commonly known as Rockland Trust Company v. Computer Associates International, Inc., United States District Court for the District of Massachusetts Civil Action No. 95-11683-DPW (the CA Case ). As previously disclosed on July 30, 2007, the judge presiding over the CA case informed the parties on July 24, 2007 that he is going to enter judgment for Computer Associates. As previously disclosed on August 1, 2007, the Company established a \$1.4 million accrual for the CA Case, effective as of June 30, 2007.

On August 31, 2007 the judge in the CA Case issued a Memorandum and Order (the Decision ) which directed the Clerk to enter judgment for Computer Associates in the amount of \$1,089,113.73 together with prejudgment interest in the amount of \$272,278.43 for a total of \$1,361,392.16. On Wednesday, September 5, 2007 Rockland Trust paid the amount due to Computer Associates in accordance with the Decision from the accrual established on June 30, 2007.

The Decision also states that: . . . Computer Associates asserts in a recent filing that it has incurred \$1,160,586.81 in attorney fees and costs. . . The propriety of the award of attorney fees and costs is disputed by Rockland Trust . . . Computer Associates may choose to pursue attorney fees and costs through, for example, a motion to amend or make additional findings.

Computer Associates recently filed a request for an award of attorney fees and costs with the court, which Rockland Trust has opposed. The court has not yet rendered its decision with respect to Computer Associates request for an award of attorney fees and costs.

In addition to the foregoing, the Company is involved in routine legal proceedings occurring in the ordinary course of business which in the aggregate are believed by us to be immaterial to our financial condition and results of operations.

**Item 1A. Risk Factors**

As of the date of this report, there have been no material changes with regard to the Risk Factors disclosed in Item 1A of our 2006 Annual Report on Form 10-K, which are incorporated herein by reference.

**Table of Contents****Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

(a) (b) Not applicable.

(c) The following table sets forth information with respect to any purchase made by or on behalf of Independent Bank Corp. or any affiliated purchaser, as defined in 204.10b-18(a)(3) under the Exchange Act, of shares of Independent Bank Corp. common stock during the indicated periods:

Period	Total number of shares purchased	Issuer Purchases of Equity Securities		Maximum number of shares that may yet be purchased under the plans or programs (1)
		Weighted Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	
January 1st - 31st, 2007	192,980	\$ 33.09	192,980	1,000,000
February 1st - 28th, 2007	131,663	\$ 32.54	131,663	807,020
March 1st - 31st, 2007	87,204	\$ 30.71	87,204	675,357
April 1st - 30th, 2007	101,500	\$ 31.57	101,500	588,153
May 1st - 31st, 2007	195,800	\$ 30.06	195,800	486,653
June 1st - 30th, 2007	96,600	\$ 29.55	96,600	290,853
July 1st - 31st, 2007	107,000	\$ 28.32	107,000	194,253
August 1st - 31st, 2007	87,253	\$ 27.21	87,253	87,253
<b>Total</b>	<b>1,000,000</b>	<b>\$ 30.70</b>	<b>1,000,000</b>	

(1) On December 14, 2006, the Company announced a common stock repurchase program to repurchase up to 1,000,000 shares. The Company placed no deadline on the repurchase program. There were no shares purchased other than through a

publicly  
announced plan  
or program.

**Item 3. Defaults Upon Senior Securities** None

**Item 4. Submission of Matters to a Vote of Security Holders** None

**Item 5. Other Information** None

**Item 6. Exhibits**

**Exhibits Index**

<b>No.</b>	<b>Exhibit</b>
3.(i)	Restated Articles of Organization, as amended as of February 10, 2005, incorporated by reference to the Company's Form 8-K filed on May 18, 2005.
3.(ii)	Amended and Restated Bylaws of the Company, as amended as of February 10, 2005, incorporated by reference to the Company's Form 8-K filed on May 18, 2005.
4.1	Specimen Common Stock Certificate, incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 1992.
4.2	Specimen preferred Stock Purchase Rights Certificate, incorporated by reference to the Company's Form 8-A Registration Statement filed by the Company on November 5, 2001.

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<b>No.</b>	<b>Exhibit</b>
4.3	Indenture of Registrant relating to the 8.375% Junior Subordinated Debentures issued to Independent Capital Trust IV, incorporated by reference to the Form 8-K filed by the Company on April 18, 2002.
4.4	Form of Certificate of 8.375% Junior Subordinated Debenture (included as Exhibit A to Exhibit 4.3).
4.5	Amended and Restated Declaration of Trust for Independent Capital Trust IV, incorporated by reference to the Form 8-K filed by the Company on April 18, 2002.
4.6	Form of Preferred Security Certificate for Independent Capital Trust IV (included as Exhibit D to Exhibit 4.5).
4.7	Preferred Securities Guarantee Agreement of Independent Capital Trust IV, incorporated by reference to the Form 8-K filed by the Company on April 18, 2002.
4.8	Indenture of Registrant relating the Junior Subordinated Debt Securities issued to Independent Capital Trust V is incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2006, filed by the Company on February 28, 2007.
4.9	Form of Certificate of Junior Subordinated Debt Security for Independent Capital Trust V (included as Exhibit A to Exhibit 4.8)
4.10	Amended and Restated Declaration of Trust for Independent Capital Trust V is incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2006, filed by the Company on February 28, 2007.
4.11	Form of Capital Security Certificate for Independent Capital Trust V (included as Exhibit A-1 to Exhibit 4.10).
4.12	Guarantee Agreement relating to Independent Capital Trust V is incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2006, filed by the Company on February 28, 2007.
4.13	Forms of Capital Securities Purchase Agreements for Independent Capital Trust V is incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2006, filed by the Company on February 28, 2007.
10.1	Independent Bank Corp. 1996 Non-Employee Directors' Stock Option Plan (Management contract under Item 601 (10)(iii)(A)). Incorporated by reference to the Company's Definitive Proxy Statement for the 1996 Annual Meeting of Stockholders filed with the Commission on March 19, 1996.
10.2	Independent Bank Corp. 1997 Employee Stock Option Plan (Management contract under Item 601 (10)(iii)(A)). Incorporated by reference to the Company's Definitive Proxy Statement for the 1997 Annual Meeting of Stockholders filed with the Commission on March 20, 1997.
10.3	Independent Bank Corp. 2005 Employee Stock Plan incorporated by reference to Form S-8 filed by the Company on July 28, 2005.



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<b>No.</b>	<b>Exhibit</b>
10.4	Renewal Rights Agreement noted as of September 14, 2000 by and between the Company and Rockland, as Rights Agent (Exhibit to Form 8-K filed on October 23, 2000).
10.5	Independent Bank Corp. Deferred Compensation Program for Directors (restated as amended as of December 1, 2000). Incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2000.
10.6	Master Securities Repurchase Agreement, incorporated by reference to Form S-1 Registration Statement filed by the Company on September 18, 1992.
10.7	First Amended and Restated Employment Agreement between Christopher Oddleifson and the Company and Rockland Trust dated April 14, 2005 is filed as an exhibit under the Form 8-K filed on April 14, 2005.
10.8	Revised employment agreements between Raymond G. Fuerschbach, Edward F. Jankowski, Ferdinand T. Kelley, Jane L. Lundquist, Edward H. Seksay and Denis K. Sheahan and the Company and Rockland Trust (Management Contracts under Item 601 (10)(iii)(A)) dated December 6, 2004 are filed as an exhibit under the Form 8-K filed on December 9, 2004.
10.9	Amended employment agreement with Ferdinand T. Kelley filed as an exhibit under the 8-K filed on March 16, 2007.
10.10	Options to acquire shares of the Company's Common Stock pursuant to the Independent Bank Corp. 1997 Employee Stock Option Plan were awarded to Christopher Oddleifson, Raymond G. Fuerschbach, Edward F. Jankowski, Ferdinand T. Kelley, Jane L. Lundquist, Edward H. Seksay and Denis K. Sheahan pursuant to option agreements dated December 9, 2004. The form of these option agreements were filed as exhibits under the Form 8-K filed on December 15, 2004.
10.11	On-Site Outsourcing Agreement by and between Fidelity Information Services, Inc. and Independent Bank Corp., effective as of November 1, 2004. Incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2004 filed on March 4, 2005. (PLEASE NOTE: Portions of this contract, and its exhibits and attachments, have been omitted pursuant to a request for confidential treatment sent on March 4, 2005 to the Securities and Exchange Commission. The locations where material has been omitted are indicated by the following notation: {****} . The entire contract, in unredacted form, has been filed separately with the Commission with the request for confidential treatment.)
10.12	New Markets Tax Credit program Allocation Agreement between the Community Development Financial Institutions Fund of the United States Department of the Treasury and Rockland Community Development with an Allocation Effective Date of September 22, 2004 is filed as an exhibit under the Form 8-K filed on October 14, 2004.
10.13	Options to acquire shares of the Company's Common Stock pursuant to the Independent Bank Corp. 2005 Employee Stock Plan were awarded to Christopher Oddleifson, Raymond G. Fuerschbach, Edward F. Jankowski, Ferdinand T. Kelley, Jane L. Lundquist, Edward H. Seksay, and Denis K. Sheahan pursuant to option agreements dated December 15, 2005. The form of option agreements used for these awards were filed as exhibits under the Form 8-K filed on December 20, 2005.

10.14 Independent Bank Corp. 2006 Non-Employee Director Stock Plan incorporated

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**No. Exhibit**

by reference to Form S-8 filed by the Company on April 17, 2006.

10.15 Independent Bank Corp. Stock Option Agreement for Non-Employee Director is filed as an exhibit under the Form 10-Q filed on May 9, 2006.

10.16 Independent Bank Corp. Restricted Stock Agreement for Non-Employee Director is filed as an exhibit under the Form 10-Q filed on May 9, 2006.

10.17 New Markets Tax Credit program Allocation Agreement between the Community Development Financial Institutions Fund of the United States Department of the Treasury and Rockland Community Development with an Allocation Effective Date of January 9, 2007 is incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2006, filed by the Company on February 28, 2007.

10.18 Independent Bank Corp. and Rockland Trust Company 2007 Executive Officer Performance Incentive Plan (the 2007 Executive Incentive Plan) (Management contract under Item 601 (10)(iii)(A)). Incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2006, filed by the Company on February 28, 2007. (PLEASE NOTE: Portions of the 2007 Executive Incentive Plan, and its exhibits and attachments, have been omitted pursuant to a request for confidential treatment sent on March 1, 2007 to the Securities and Exchange Commission. The locations where material has been omitted are indicated by the following notation: {\*\*\*\*}. The entire 2007 Executive Incentive Plan, in unredacted form, has been filed separately with the Commission with the request for confidential treatment.)

10.19 Agreement and Plan of Merger to acquire Slade's Ferry Bancorp. is incorporated by reference to the Form 8-K filed on October 12, 2007.

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.+

\* Filed herewith

+ Furnished  
herewith

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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)

Date: November 2, 2007

/s/ Christopher Oddleifson  
Christopher Oddleifson  
President and Chief Executive Officer

Date: November 2, 2007

/s/ Denis K. Sheahan  
Denis K. Sheahan  
Chief Financial Officer and Treasurer  
(Principal Financial and Principal Accounting  
Officer)

INDEPENDENT BANK CORP.  
(registrant)

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