

INDEPENDENT BANK CORP

Form 424B3

August 09, 2013

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Filed pursuant to Rule 424(b)(3)  
Registration No. 333-189899

Dear Mayflower Bancorp, Inc. Shareholders:

You are cordially invited to attend an annual meeting of stockholders of Mayflower Bancorp, Inc. ( Mayflower ) to be held at 10:00 a.m., local time, on September 20, 2013, at The Boston Tavern, 58 East Grove Street, Middleboro, MA. At the annual meeting, you will be asked to consider and vote upon a proposal to approve an agreement and plan of merger which provides for Mayflower to merge with and into Independent Bank Corp., a Massachusetts corporation with its principal place of business in Rockland, Massachusetts ( Independent ), as well as to vote upon a proposal to adjourn the annual meeting if necessary to permit further solicitation of proxies on the proposal to approve the agreement and plan of merger, a non-binding advisory resolution approving certain compensation payable to the named executive officers of Mayflower in connection with the merger, the election of four directors, the ratification of the appointment of independent auditors for the fiscal year ending March 31, 2014, a non-binding resolution to approve the compensation of the named executive officers and the frequency of the advisory vote on the compensation of the named executive officers.

If the proposed merger is completed, Mayflower's shareholders will receive in exchange for each share of Mayflower common stock, either (i) \$17.50 in cash or (ii) 0.565 shares of Independent common stock in accordance with the terms and conditions of the merger agreement. You will have the opportunity to elect to receive cash or stock for your shares of Mayflower common stock, subject to allocation procedures designed to ensure that 70% of the outstanding shares of Mayflower common stock will be converted into shares of Independent common stock and 30% will be converted into cash. You will receive a separate mailing that will contain instructions for making your election. Independent's and Mayflower's common stock are listed on the NASDAQ Global Select Market and the NASDAQ Global Market, respectively, under the trading symbols INDB and MFLR, respectively. The closing sales prices of Independent common stock and Mayflower common stock on the last practicable trading day prior to the mailing of this document were \$37.18 and \$19.94, respectively. The equivalent value of the stock consideration to be paid in the merger for each share of Mayflower common stock, calculated by multiplying the August 6, 2013 closing price of Mayflower common stock by an exchange ratio calculated in accordance with the merger agreement, would be \$21.0067. The market prices for both Independent common stock and Mayflower common stock will fluctuate prior to the merger. We urge you to obtain current market quotations for both Independent common stock and Mayflower common stock.

Independent and Mayflower cannot complete the proposed merger unless Mayflower stockholders vote to approve the merger agreement and the merger, at the annual meeting. This letter is accompanied by Mayflower's proxy statement, which Mayflower is providing to solicit your proxy to vote for approval of the merger agreement and the merger at the meeting. The accompanying document is also being delivered to Mayflower's shareholders as Independent's prospectus for its offering of Independent common stock to Mayflower's shareholders in the merger.

Mayflower's board of directors has unanimously recommended that you vote FOR approval of the merger agreement and the transactions contemplated by the merger agreement, including the merger, at the annual meeting, FOR each of the director nominees, FOR each of the proposals and to hold the advisory vote to approve the compensation of Mayflower's named executive officers EVERY YEAR.

This proxy statement/prospectus provides you with detailed information about the proposed merger. It also contains or references information about Independent and Mayflower and related matters. You are encouraged to read this document carefully. **In particular, you should read the Risk Factors section beginning on page 13 for a discussion of the risks you should consider in evaluating the proposed merger and how it will affect you.**

**Your vote is very important.** Whether or not you plan to attend the annual meeting, please take the time to vote by completing and mailing the enclosed proxy card. If you do not vote in person or by proxy, the effect will be a vote against the proposal to approve the merger.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the proposed merger, the issuance of Independent common stock to be issued in connection with the merger or the other transactions described in this proxy statement/prospectus, or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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The shares of Independent common stock are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or by any other federal or state governmental agency.

This proxy statement/prospectus is dated August 8, 2013, and is first being mailed or otherwise delivered to shareholders of Mayflower on or about August 14, 2013.

Sincerely,

Edward M. Pratt

President and Chief Executive Officer

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**MAYFLOWER BANCORP, INC.**

**30 South Main Street**

**Middleboro, Massachusetts 02346**

**(508) 947-4343**

**Notice of Annual Meeting of Shareholders**

**to be held September 20, 2013**

To the shareholders of Mayflower:

The annual meeting of shareholders of Mayflower Bancorp, Inc. will be held at 10:00 a.m, local time, on September 20, 2013 at The Boston Tavern, 58 East Grove Street, Middleboro, Massachusetts. Any adjournments or postponements of the annual meeting will be held at the same location.

The purpose of the annual meeting is to:

1. Approve the Agreement and Plan of Merger, dated as of May 14, 2013 (the merger agreement), by and among Independent Bank Corp. ( Independent ), Rockland Trust Company, Mayflower, and Mayflower Co-Operative Bank, and to approve the transactions contemplated by the merger agreement, including the merger of Mayflower with and into Independent (the merger);
2. Approve one or more adjournments of the annual meeting if necessary to permit further solicitation of proxies in favor of the Mayflower merger agreement proposal;
3. Vote on a non-binding advisory resolution approving certain compensation payable to the named executive officers of Mayflower in connection with the merger;
4. Elect four directors (the nominees to be elected at the annual meeting will serve until the consummation of the merger, or if the merger is not consummated, for a term of three years and until their respective successors are elected and qualified);
5. Ratify the appointment of Marcum LLP as independent auditors for Mayflower for the fiscal year ending March 31, 2014;
6. Vote on a non-binding resolution to approve the compensation of the named executive officers;
7. Vote on the frequency of the advisory vote on the compensation of the named executive officers; and
8. Transact such other business as may be properly presented at the annual meeting and any adjournments or postponements of the annual meeting.

You may vote at the annual meeting if you were a shareholder of record at the close of business on August 6, 2013.

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**The Mayflower board of directors unanimously recommends that you vote FOR approval of the Mayflower merger agreement proposal, FOR each of the director nominees, FOR the other proposals described above and to hold the advisory vote to approve the compensation of Mayflower's named executive officers EVERY YEAR.**

Mayflower has concluded shareholders are not entitled to assert appraisal rights in connection with the merger under Sections 13.01 to 13.31 of the Massachusetts Business Corporation Act as more fully described in the accompanying proxy statement/prospectus. Any shareholder who nonetheless believes he is or may be entitled to appraisal rights and seeks to assert them in connection with the merger must deliver to Mayflower, before the vote is taken at the annual meeting, written notice of his intent to demand payment for his shares in the manner specified in the statute, and must not vote his shares in favor of the merger. A copy of the applicable provisions of the Massachusetts Business Corporation Act is attached as Annex C to the accompanying proxy statement/prospectus.

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Your vote is very important. Your vote is important regardless of how many shares you own. Whether or not you plan to attend the annual meeting, please promptly vote your shares. Voting procedures are described in the accompanying proxy statement/prospectus and on the proxy card.

If you have any questions or need assistance voting your shares, please contact our proxy solicitor, AST Phoenix Advisors, toll free at (877) 478-5038.

By Order of the Board of Directors,

Maria Vafiades

Corporate Secretary

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on September 20, 2013: This proxy statement/prospectus and our 2013 Annual Report on Form 10-K are available at <http://www.mayflowerbank.com/2013AnnualMeetingMaterials/>. A copy of these materials will also be furnished without charge to stockholders upon written request to Maria Vafiades, Corporate Secretary, Mayflower Bancorp, Inc., 30 South Main Street, Middleboro, MA 02346.**

**IF YOU HAVE ANY QUESTIONS ABOUT VOTING YOUR SHARES, PLEASE CALL AST PHOENIX ADVISORS AT (877) 478-5038.**

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**EXPLANATORY NOTE REGARDING CONTENTS OF THIS PROXY STATEMENT/PROSPECTUS**

This proxy statement/prospectus includes information and proposed shareholder votes regarding both the proposed merger of Mayflower with and into Independent and matters that would have been addressed at Mayflower's 2013 annual meeting of shareholders absent any merger proposal. As a result, the Mayflower shareholders are asked to consider and vote on certain matters, such as the frequency of future advisory votes on the compensation of Mayflower's named executive officers, that will no longer be relevant if the merger is approved by the Mayflower shareholders and completed as described in this proxy statement/prospectus. If the merger is completed, Mayflower would cease to exist as a separate corporation at the effective time of the merger.

**REFERENCE TO ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates important business and financial information about Independent from other documents that are not included in, or delivered with, this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. We have listed the documents containing this information on page 144 of this proxy statement/prospectus. You can obtain copies of these documents incorporated by reference in this document through the Securities and Exchange Commission's website at <http://www.sec.gov> or by requesting them in writing or by telephone from Independent at the following address:

Independent Bank Corp.

288 Union Street

Rockland, Massachusetts 02370

Attention: Edward H. Seksay, General Counsel

(781) 982-6158

If you would like to request documents, you must do so no later than September 9, 2013 in order to receive them before Mayflower's annual meeting. You will not be charged for any of these documents that you request.

For additional information regarding where you can find information about Independent and Mayflower, please see the section entitled "Where You Can Find More Information" beginning on page 140 of this proxy statement/prospectus. The information contained in this proxy statement/prospectus with respect to Independent and its subsidiaries was provided by Independent and the information contained in this proxy statement/prospectus with respect to Mayflower and its subsidiaries was provided by Mayflower.

For information on submitting your proxy, please refer to the instructions on the enclosed proxy card.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND  
THE MEETING OF MAYFLOWER SHAREHOLDERS**

**Q. Why am I receiving this document?**

A. Independent and Mayflower have agreed to the acquisition of Mayflower by Independent under the terms of a merger agreement that is described in this document, a copy of which is attached as Annex A. In order to complete the merger, Mayflower's shareholders must vote to approve the merger agreement. Mayflower will hold a meeting of its shareholders to obtain this approval as well as to hold votes on certain matters typically addressed at Mayflower's annual meeting of shareholders. This document contains important information about the merger, the cash and the shares of Independent common stock to be issued in connection with the merger, the merger agreement, the annual meeting of Mayflower's shareholders, and other related matters, and you should read it carefully. The enclosed voting materials for the Mayflower annual meeting allow you to vote your shares of common stock without attending the annual meeting.

**Q. What will happen to Mayflower as a result of the merger?**

A. If the merger is completed, Mayflower will be acquired by Independent.

**Q. What will Mayflower's shareholders receive in the merger?**

A. Mayflower's shareholders will be entitled to receive in the merger for each share of Mayflower common stock they own either (i) 0.565 shares of Independent common stock or (ii) \$17.50 in cash.

Mayflower's shareholders will be able to elect to receive cash, Independent common stock, or a combination of cash and Independent common stock for their shares of Mayflower common stock. Regardless of a Mayflower shareholder's choice, however, elections will be limited by the requirement that 70% of Mayflower common stock be converted into Independent common stock and 30% of Mayflower common stock be exchanged for cash. Therefore, the allocation of cash and Independent common stock that a

Mayflower shareholder will receive will depend on the elections of other Mayflower shareholders. The allocation of the consideration payable to Mayflower shareholders will not be known until the exchange agent tallies the results of the cash/stock elections made by Mayflower's shareholders. If a Mayflower shareholder does not make an election, the consideration that shareholder will receive will depend on the consideration elected by other Mayflower shareholders.

The Independent common stock is listed on the NASDAQ Global Select Market under the trading symbol INDB. Independent will not issue fractional shares of its common stock in the merger, but will instead cash out any fractional shares at a price determined by the volume weighted average closing price of Independent common stock on the NASDAQ Global Select Market for the five trading days ending on the fifth trading day immediately preceding the closing date of the merger.

Each holder of a vested or unvested option to purchase Mayflower common stock will receive, upon consummation of the transaction, a cash payment in settlement of the Mayflower option equal to the product of (i) the number of shares of Mayflower common stock provided for by such option and (ii) the excess, if any, of (a) a blended per share deal value reflecting the overall 70% stock/30% cash merger consideration split, to be calculated as the sum of (1) \$5.25 (equal to 30% of the per share cash consideration of \$17.50) plus (2) 0.3955 (equal to 70% of the per share exchange ratio of 0.565) multiplied by the volume weighted average closing price of Independent common stock on the NASDAQ Global Select Market for the five trading days ending on the fifth trading day immediately preceding the closing date of the merger, over (b) the exercise price of the option. All unvested shares of restricted Mayflower common stock will vest in full immediately prior to the effective time of the merger and will be treated as outstanding Mayflower shares for all purposes under the merger agreement, including for purposes of the holders' right to receive the merger consideration.



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**Q. When will the merger be completed?**

A. We expect the merger will be completed when all of the conditions to completion contained in the merger agreement are satisfied or waived, including obtaining required regulatory approvals and the approval of the merger agreement by Mayflower's shareholders. We currently expect to complete the merger during the fourth calendar quarter of 2013. However, because fulfillment of some of the conditions to completion of the merger, such as receiving required regulatory approvals, are not entirely within our control, we cannot predict the actual timing.

**Q. Who is being asked to approve matters in connection with the merger?**

A. Mayflower's shareholders are being asked to vote to approve the merger-related proposals. Under Massachusetts law, the merger cannot be consummated unless Mayflower's shareholders vote to approve the merger agreement and the merger. By this proxy statement/prospectus, Mayflower's board of directors is soliciting proxies of Mayflower's shareholders to provide this approval at the meeting of Mayflower's shareholders discussed below.

**Q. Should Mayflower shareholders send in their stock certificates now?**

A. No, Mayflower shareholders should not send in any stock certificates now. If the merger is approved, Independent will send Mayflower's shareholders written instructions on how to exchange their stock certificates for the merger consideration.

**Q. What are the material U.S. federal income tax consequences of the merger to me?**

A. The tax consequences of the merger to Mayflower shareholders will depend on whether Mayflower shareholders receive only cash, only Independent common stock, or a combination of cash and Independent common stock in exchange for their Mayflower common stock. Mayflower shareholders that exchange their shares solely for Independent common stock should not recognize gain or loss except with respect to any cash they receive instead of receiving a fractional share of Independent common stock. Mayflower shareholders that exchange their shares solely for cash should recognize gain or loss on the exchange. Mayflower shareholders that exchange their shares for a combination of Independent common stock and cash should recognize gain (but not loss) with respect to the cash portion of the consideration they receive. Because the allocations of cash and Independent common stock that are received will depend on the elections of other Mayflower shareholders, Mayflower shareholders will not know the actual tax consequences of the merger to them until the allocations are completed. See "Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 74.

**Q. Are there any risks that I should consider in deciding whether to vote for approval of the merger?**

A. Yes. You should read and carefully consider the risk factors set forth in the section in this document titled "Risk Factors" beginning on page 13.

**Q. When and where will Mayflower's shareholders meet?**

A.

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Mayflower will hold its annual meeting of shareholders on September 20, 2013, at 10:00 a.m., Eastern Daylight Time, at The Boston Tavern located at 58 East Grove Street, Middleboro, MA.

**Q. What matters are Mayflower's shareholders being asked to approve at the Mayflower annual meeting pursuant to this proxy statement/prospectus?**

- A. Mayflower's shareholders are being asked to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger. We refer to this proposal as the Mayflower merger agreement proposal. Mayflower's shareholders also are being asked to approve one or more adjournments of the annual meeting if necessary to permit further solicitation of proxies in favor of the Mayflower

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merger agreement proposal, a non-binding advisory resolution approving certain compensation payable to the named executive officers of Mayflower in connection with the merger, the election of four directors, the ratification of the appointment of independent auditors for the fiscal year ending March 31, 2014, a non-binding resolution to approve the compensation of the named executive officers and the frequency of the advisory vote on the compensation of the named executive officers.

### **Q. What does Mayflower's board of directors recommend with respect to the seven proposals?**

A. Mayflower's board of directors has unanimously approved the merger agreement and determined that the merger agreement and the merger are fair to, advisable and in the best interests of Mayflower and its shareholders and unanimously recommends that Mayflower's shareholders vote FOR the Mayflower merger agreement proposal.

Mayflower's board of directors also unanimously recommends that Mayflower's shareholders vote FOR approval of the proposal to adjourn the meeting if necessary to permit further solicitation of proxies on the Mayflower merger agreement proposal, FOR the non-binding advisory resolution approving certain compensation payable to the named executive officers of Mayflower in connection with the merger, FOR each of the nominees for election as directors, FOR the ratification of the appointment of independent auditors for the fiscal year ending March 31, 2014, FOR the approval of the compensation of the named executive officers and to hold the advisory vote to approve the compensation of the named executive officers EVERY YEAR.

### **Q. Who can vote at the Mayflower annual meeting?**

A. Holders of record of Mayflower common stock at the close of business on August 6, 2013, which is the record date for the Mayflower annual meeting, are entitled to vote at the annual meeting.

### **Q. How many votes must be represented in person or by proxy at the Mayflower annual meeting to have a quorum?**

A. The holders of a majority of the shares of Mayflower common stock outstanding and entitled to vote at the annual meeting, present in person or represented by proxy, will constitute a quorum at the annual meeting.

### **Q. What vote by Mayflower's shareholders is required to approve the Mayflower annual meeting proposals?**

A. Assuming a quorum is present at the Mayflower annual meeting, approval of the Mayflower merger agreement proposal will require the affirmative vote of the holders of two-thirds of the outstanding shares of Mayflower common stock entitled to vote. Abstentions and broker non-votes will have the same effect as shares voted against the Mayflower merger agreement proposal.

Assuming a quorum is present at the Mayflower annual meeting, approval of the Mayflower adjournment proposal will require the affirmative vote of a majority of the votes cast on the Mayflower adjournment proposal. Abstentions and broker non-votes will not affect whether the Mayflower adjournment proposal is approved.

Assuming a quorum is present at the Mayflower shareholder meeting, approval of the non-binding advisory resolution approving certain compensation payable to the named executive officers of Mayflower in connection with the merger will require the affirmative vote of a majority of votes cast on the proposal. Abstentions and broker non-votes will not affect whether such resolution is approved.

Assuming a quorum is present at the Mayflower annual meeting, in voting on the election of directors, the nominees receiving the greatest number of votes will be elected. Abstentions and broker non-votes will have no effect on the outcome of the election of directors.

Assuming a quorum is present at the Mayflower annual meeting, approval of the non-binding resolution to approve the compensation of the named executive officers and the ratification of the appointment of Marcum LLP as



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Mayflower's independent registered public accounting firm will require the affirmative vote of a majority of votes cast on each proposal. Abstentions and broker non-votes will not affect whether such resolution or proposal is approved.

Assuming a quorum is present at the Mayflower annual meeting, in the advisory vote on the frequency of the stockholder vote to approve the compensation of the named executive officers, the option of one year, two years or three years that receives the highest number of votes cast will be the frequency selected by Mayflower's stockholders.

As of the record date for the annual meeting, directors and executive officers of Mayflower, together with their affiliates, had sole or shared voting power over approximately 8.8% of the Mayflower common stock outstanding and entitled to vote at the annual meeting.

**Q: What will happen if the shareholders do not approve the advisory vote on certain compensation payable to Mayflower's named executive officers in connection with the merger at the annual meeting?**

A: Approval of the compensation payable to Mayflower's named executive officers in connection with the merger is not a condition to completion of the merger. The vote with respect to such compensation is an advisory vote and will not be binding on Mayflower or on Independent. Therefore, if the merger is approved by Mayflower's stockholders and completed, such compensation will still be paid to Mayflower's executive officers if and when due.

**Q: Are any Mayflower shareholders already committed to vote in favor of any of the annual meeting proposals?**

A: Under voting agreements with Independent, each of Mayflower's directors, solely in his or her capacity as a shareholder, has agreed to vote all of his or her Mayflower common stock in favor of the Mayflower merger agreement proposal and has granted to Independent a proxy to vote his or her shares in favor of the Mayflower merger agreement proposal. As of the record date for the Mayflower annual meeting, the Mayflower shareholders who are parties to the Mayflower voting agreements collectively owned (with sole or shared voting power) approximately 8.8% of the Mayflower common stock outstanding and entitled to vote at the annual meeting.

**Q: How may the Mayflower shareholders vote their shares for the annual meeting proposals presented in this proxy statement/prospectus?**

A: Mayflower's shareholders may submit their proxies by:

signing the enclosed proxy card and mailing it in the enclosed, prepaid and addressed envelope;

calling toll-free (800) 776-9437 and following the instructions; or

accessing the web page at [www.voteproxy.com](http://www.voteproxy.com) and following the on-screen instructions.

Proxies submitted through the Internet or by telephone must be received by 3:00 a.m., Eastern Daylight Time, on September 20, 2013.

**Q: Will a broker or bank holding shares in street name for a Mayflower shareholder vote those shares for the shareholder at the Mayflower annual meeting?**



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- A. A broker or bank will not be able to vote your shares with respect to the Mayflower merger agreement proposal, the proposal to approve one or more adjournments of the annual meeting if necessary to permit further solicitation of proxies in favor of the Mayflower merger agreement proposal, the advisory vote to approve certain compensation payable to the named executive officers of Mayflower in connection with the merger, the proposal to elect four directors for a term of three years, the advisory vote to approve the executive compensation of the named executive officers and the advisory vote on the frequency of the stockholder vote to approve the compensation of the named executive officers without first receiving instructions from you on how to vote. If your shares are held in street name, you will receive separate voting instructions with your proxy materials. It is therefore important that you provide timely instruction to your broker or

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bank to ensure that all of the Mayflower common stock you own is voted with respect to all proposals at the annual meeting.

**Q. Will Mayflower's shareholders be able to vote their shares in person at the Mayflower annual meeting?**

A. Yes. Submitting a proxy will not affect the right of any Mayflower shareholder to vote in person at the annual meeting. Mayflower will distribute written ballots to any Mayflower shareholder who requests, and is entitled, to vote at the annual meeting. If a Mayflower shareholder holds shares in street name, the shareholder must request a proxy from the shareholder's broker or bank in order to vote those shares in person at the annual meeting.

**Q. What do Mayflower's shareholders need to do now?**

A. After carefully reading and considering the information contained in this proxy statement/prospectus, Mayflower's shareholders are requested to complete and return their proxies as soon as possible. The proxy card will instruct the persons named on the proxy card to vote the shareholder's Mayflower shares at the annual meeting as the shareholder directs. If a shareholder signs and sends in a proxy card and does not indicate how the shareholder wishes to vote, the proxy will be voted FOR all five of the annual meeting proposals, FOR each of the director nominees and to hold the advisory vote to approve the compensation of Mayflower's named executive officers EVERY YEAR.

**Q. May a Mayflower shareholder change the shareholder's vote after submitting a proxy?**

A. Yes. A Mayflower shareholder may change a vote at any time before the shareholder's proxy is voted at the Mayflower annual meeting. A proxy submitted through the Internet or by telephone may be revoked by executing a later-dated proxy card, by subsequently submitting a proxy through the Internet or by telephone, or by attending the annual meeting and voting in person. A shareholder executing a proxy card also may revoke the proxy at any time before it is voted by giving written notice revoking the proxy to Mayflower's secretary, by subsequently filing another proxy card bearing a later date or by attending the annual meeting and voting in person. Attending the annual meeting will not automatically revoke a shareholder's prior submission of a proxy (by Internet, telephone or in writing). All written notices of revocation or other communications with respect to revocation of proxies should be addressed to:

**Mayflower Bancorp, Inc.**

**30 South Main Street Middleboro, Massachusetts 02346**

**Attention: Maria Vafiades, Corporate Secretary**

**Q. If I am a Mayflower shareholder, who can help answer my questions?**

A. If you have any questions about the merger or the annual meeting, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, you should contact Mayflower's proxy solicitor, at the following address or phone number:

**AST Phoenix Advisors**

**6201 15<sup>th</sup> Avenue**

**Brooklyn NY 11219**

**(877) 478-5038**

**Q. Where can I find more information about the companies?**

- A. You can find more information about Independent and Mayflower from the various sources described under the section of this document titled "Where You Can Find More Information" beginning on page 140.

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**SUMMARY**

*This summary highlights selected information from this document and may not contain all of the information that is important to you. You should carefully read this entire document and the other documents to which this document refers to fully understand the merger and the related transactions. See *Where You Can Find More Information* beginning on page 143 of this document. Most items in this summary include a page reference directing you to a more complete description of those items.*

*Unless the context otherwise requires, throughout this document, *Independent* refers to Independent Bank Corp., *Mayflower* refers to Mayflower Bancorp, Inc., *Rockland Trust* refers to Rockland Trust Company; and *we, us and our* refers to Independent and Mayflower. Also, we refer to the merger between Independent and Mayflower as the *merger*, and the Agreement and Plan of Merger, dated as of May 14, 2013, by and among Independent, Rockland Trust, Mayflower and Mayflower Co-Operative Bank as the *merger agreement*.*

**The Companies (see page 79)**

*Independent*

Through its subsidiary, Rockland Trust, Independent offers a full range of banking services through a network of 78 bank branches in eastern Massachusetts and its commercial lending centers and investment management offices in eastern Massachusetts and Providence, Rhode Island. Rockland Trust provides investment management and trust services to individuals, institutions, small businesses and charitable institutions throughout eastern Massachusetts and Rhode Island.

At March 31, 2013, Independent had total consolidated assets of approximately \$5.7 billion, net loans of approximately \$4.4 billion, total deposits of approximately \$4.6 billion and total stockholders' equity of approximately \$537.6 million.

Independent Bank Corp.

288 Union Street

Rockland, Massachusetts 02370

(781) 878-6100

*Mayflower*

Mayflower was organized by Mayflower Co-Operative Bank on October 5, 2006, to acquire all of the capital stock of Mayflower Co-Operative Bank as part of the Mayflower Co-Operative Bank's reorganization into the holding company form of ownership, which was completed on February 15, 2007. Mayflower has no significant assets other than the common stock of Mayflower Co-Operative Bank and various other liquid assets in which it invests in the ordinary course of business. Through its subsidiary, Mayflower Co-Operative Bank, Mayflower engages in banking activities through its main office in Middleboro and seven full-service offices in Plymouth, Wareham, Rochester, Bridgewater, and Lakeville, Massachusetts.

At March 31, 2013, Mayflower had total consolidated assets of \$261.3 million, net loans of \$139.3 million, total deposits of \$235.7 million and total stockholders' equity of \$22.6 million.

Mayflower Bancorp, Inc.

30 South Main Street

Middleboro, Massachusetts 02346

(508) 947-4343



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**The Merger and the Merger Agreement (see pages 43 and 56)**

The terms and conditions of the merger are contained in the merger agreement, which is attached as Annex A to this proxy statement/prospectus. Please carefully read the merger agreement, as it is the legal document that governs the merger. Under the terms of the merger agreement, Mayflower will merge with and into Independent (the merger) and Independent will survive the merger. Upon completion of the merger, each share of Mayflower common stock will be converted into the right to receive either (i) 0.565 shares of Independent common stock or (ii) \$17.50 in cash.

**Annual Meeting of Mayflower Shareholders; Required Vote (see page 30)**

Mayflower will hold its annual meeting of shareholders at The Boston Tavern, located at 58 East Grove Street, Middleboro, MA on September 20, 2013 at 10:00 a.m., Eastern Daylight Time. Mayflower's shareholders will be asked to:

approve the merger agreement and the transactions it contemplates, including the merger;

approve one or more adjournments of the annual meeting if necessary to permit further solicitation of proxies in favor of the Mayflower merger agreement proposal (the Mayflower adjournment proposal);

vote on a non-binding advisory resolution approving certain compensation payable to the named executive officers of Mayflower in connection with the merger;

elect four directors (the nominees to be elected at the annual meeting will serve until the consummation of the merger, or if the merger is not consummated, for a term of three years and until their respective successors are elected and qualified);

ratify the appointment of Marcum LLP as independent auditors for Mayflower for the fiscal year ending March 31, 2014;

vote on a non-binding resolution to approve the compensation of the named executive officers;

vote on the frequency of the advisory vote on the compensation of the named executive officers; and

consider and act upon any other matters as may properly come before the annual meeting or any adjournment or postponement thereof.

You can vote at the Mayflower annual meeting if you owned Mayflower common stock at the close of business on August 6, 2013. On that date, there were 2,064,106 shares of Mayflower common stock outstanding and entitled to vote, approximately 8.8% of which were owned and entitled to be voted by Mayflower directors and executive officers and their affiliates. You can cast one vote for each share of Mayflower common stock you owned on that date. In order to approve the merger agreement and the transactions it contemplates, the holders of at least two-thirds of the outstanding shares of Mayflower common stock entitled to vote must vote in favor of the proposal.

**What Holders of Mayflower Stock Options and Restricted Stock Will Receive in the Merger (see page 60)**

All outstanding unvested Mayflower stock options and restricted shares of Mayflower common stock will become fully vested immediately prior to the effective time of the merger. Mayflower options will be cancelled upon consummation of the merger, and each option holder will receive a cash payment upon cancellation in an amount equal to the product of (i) the number of shares of Mayflower common stock provided for by such option and (ii) the excess, if any, of (a) a blended per share deal value reflecting the overall 70% stock/30% cash merger consideration split, to be calculated as the sum of (1) \$5.25 (equal to 30% of the per share cash consideration of \$17.50) plus (2) 0.3955 (equal to 70% of the per

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share exchange ratio of 0.565) multiplied by the volume weighted average closing price of Independent common stock on the NASDAQ Global Select Market for the five

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trading days ending on the fifth trading day immediately preceding the closing date of the merger, over (b) the exercise price of the option. All shares of accelerated restricted stock will be treated as outstanding Mayflower shares for all purposes under the merger agreement, including for purposes of the holders' right to receive the merger consideration.

### **Dividend Policy of Independent; Dividends from Mayflower (see page 122)**

The holders of Independent common stock receive dividends as and when declared by Independent's board of directors. Independent declared quarterly cash dividends of \$0.22 per share of common stock for the first and second quarters of 2013, dividends of \$0.21 per share of common stock for each quarter in 2012 and dividends of \$0.19 per share of common stock for each quarter of 2011. Following the completion of the merger, subject to approval and declaration by Independent's board of directors, Independent expects to continue paying quarterly cash dividends consistent with past practices.

Prior to completion of the merger, Mayflower's shareholders will continue to receive any regular quarterly dividends declared and paid by Mayflower, at a rate not to exceed \$0.06 per share of Mayflower common stock.

### **Fairness Opinion Presented to the Mayflower Board of Directors (see pages 49 and B-1)**

Sterne, Agee & Leach, Inc. (Sterne Agee), has provided an opinion to Mayflower's board of directors, dated as of May 14, 2013, to the effect that, as of that date and based upon and subject to the factors and assumptions set forth in the opinion, the merger consideration was fair, from a financial point of view, to the holders of Mayflower common stock. We have attached to this proxy statement/prospectus as Annex B, the full text of Sterne Agee's opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Sterne Agee in connection with its opinion. We urge you to read the opinion in its entirety. Sterne Agee's opinion is addressed to Mayflower's board of directors, is directed only to the fairness, from a financial point of view, of the merger consideration to the holders of Mayflower common stock and does not constitute a recommendation to any shareholder as to how that shareholder should vote on the merger agreement. Pursuant to an engagement letter between Mayflower and Sterne Agee, Mayflower has agreed to pay Sterne Agee a fee, a substantial portion of which is payable only upon completion of the merger.

### **Recommendation of Mayflower's Board of Directors (see pages 30 and 47)**

Mayflower's board of directors has unanimously determined that the merger agreement and the merger are advisable and in the best interests of Mayflower and its shareholders and accordingly unanimously recommends that Mayflower's shareholders vote FOR the proposal to approve the merger agreement and the transactions it contemplates, FOR each of the director nominees, FOR the other proposals described above and to hold the advisory vote to approve the compensation of Mayflower's named executive officers EVERY YEAR.

### **Mayflower's Reasons for the Merger (see page 48)**

In determining whether to approve the merger agreement, Mayflower's board of directors consulted with certain of its senior management and with its legal and financial advisers. In arriving at its determination, Mayflower's board of directors also considered the factors described under The Merger and Reasons for the Merger.

### **Interests of Mayflower's Executive Officers and Directors in the Merger (see page 56)**

Some of the directors and executive officers of Mayflower have financial interests in the merger that are different from, or in addition to, the interests of Mayflower's other shareholders generally. These interests



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include rights of executive officers under their existing employment agreements, which are being provided through settlement agreements executed in connection with the merger agreement; rights under Mayflower's equity-based benefit programs and awards, including the acceleration of vesting of stock options; and rights to continued indemnification and insurance coverage by Independent after the merger for acts and omissions occurring before the merger.

The boards of directors of Independent and Mayflower were aware of these interests and considered them, among other matters, in approving the merger agreement and related transactions.

### **Mayflower Directors Have Agreed to Vote in Favor of the Merger Agreement (see page 73)**

On August 6, 2013, the directors of Mayflower had sole or shared voting power over 181,173 shares, or approximately 8.8%, of the outstanding shares of Mayflower common stock. Each of these directors has agreed with Independent to vote his or her shares of Mayflower common stock in favor of the merger agreement and the transactions it contemplates.

### **Approval by Independent's Board of Directors and Reasons for the Merger (see page 54)**

Independent's board of directors has unanimously approved and adopted the merger agreement.

In determining whether to approve the merger agreement, Independent's board of directors consulted with certain of its senior management and with its legal and financial advisers. In arriving at its determination, Independent's board of directors also considered the factors described under The Merger Approval by Independent's Board of Directors and Reasons for the Merger.

### **Non-Solicitation (see page 66)**

Mayflower has agreed that it will not solicit or knowingly encourage any inquiries or proposals regarding any acquisition proposals by third parties. Mayflower may respond to unsolicited proposals in certain circumstances if required by Mayflower's board of directors' fiduciary duties. Mayflower must promptly notify Independent if it receives any acquisition proposals.

### **Conditions to Complete the Merger (see page 68)**

Each of Independent's and Mayflower's obligations to complete the merger is subject to the satisfaction or waiver of a number of mutual conditions, including:

the approval of the merger agreement and the transactions it contemplates, including the merger, by Mayflower's shareholders at the Mayflower annual meeting described in this proxy statement/prospectus;

the receipt of all regulatory approvals and consents (none of which shall contain a burdensome condition, as defined in the merger agreement), and the expiration of all waiting periods required to complete the merger;

the effectiveness of the registration statement with respect to the Independent common stock to be issued in the merger under the Securities Act, and the absence of any stop order or proceedings initiated or threatened by the Securities and Exchange Commission for that purpose; and

the absence of any statute, regulation, rule, decree, injunction or other order in effect by any court or other governmental entity that prohibits completion of the transactions contemplated by the merger agreement.



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Each of Independent's and Mayflower's obligations to complete the merger is also separately subject to the satisfaction or waiver (except for the condition set forth in the first bullet below, which may not be waived in any circumstance) of a number of conditions, including:

the receipt by the party of a legal opinion from its counsel with respect to certain U.S. federal income tax consequences of the merger; and

the other company's representations and warranties in the merger agreement being true and correct, in all material respects, and the performance by the other party in all material respects of its obligations under the merger agreement.

Independent's obligation to complete the merger is further subject to the conditions that the number of outstanding shares of Mayflower common stock shall not exceed 2,064,106, except to the extent increased as a result of the exercise of stock options.

### **Termination of the Merger Agreement (see page 69)**

Independent and Mayflower may mutually agree at any time to terminate the merger agreement without completing the merger, even if Mayflower's shareholders have approved the merger transactions. Also, either Independent or Mayflower can terminate the merger agreement in various circumstances, including the following:

if any regulatory approval necessary for consummation of the transactions contemplated by the merger agreement is not obtained;

if the merger is not completed by March 31, 2014;

if the other party breaches the merger agreement in a way that would entitle the party seeking to terminate the merger agreement not to consummate the merger, subject to the right of the breaching party to cure the breach within 30 days following written notice (unless it is not possible due to the nature or timing of the breach for the breaching party to cure the breach); or

if Mayflower's shareholders do not approve the merger agreement and the transactions it contemplates.

Additionally, Independent may terminate the merger agreement if:

Mayflower has materially breached its non-solicitation obligations described under The Merger Agreement No Solicitation of Alternative Transactions beginning on page 66;

Mayflower's board fails to recommend in this proxy statement/prospectus the approval of the merger agreement;

Mayflower's board of directors recommends, proposes or publicly announces its intention to recommend or propose, to engage in an Acquisition Transaction with any party other than Independent or a subsidiary of Independent; or

Mayflower breaches its obligation to call, give notice of, convene and hold a meeting of shareholders for the purpose of approving the merger agreement and the transactions it contemplates.

Additionally, Mayflower may terminate the merger agreement:

if it enters into a Superior Proposal as described under The Merger Agreement No Solicitation of Alternative Transactions, so long as it pays a termination fee of \$1.5 million to Independent; or

pursuant to a walk away right that is subject to a top up option, if (a) the ten day volume-weighted average price of Independent's common stock as of a measurement date prior to closing is more than 20% below the ten day volume-weighted average price of Independent's common stock for the trading

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period ending May 13, 2013, (b) the drop in the ten day volume-weighted average price of Independent's common stock between May 14, 2013 and the measurement date is more than 20% greater than any drop in the ten day volume-weighted average price of the Nasdaq Bank Stock Index during such measurement period, (c) Mayflower elects to terminate the agreement by a majority vote of Mayflower's directors, and (d) following notice of such election Independent does not exercise its top up option under the merger agreement to increase the exchange ratio to a number that would compensate Mayflower's shareholders for the extent of the drop in Independent's common stock below the lowest price per share at which the walk away right would not have been triggered. If Independent does exercise its top up option, then no termination will occur.

### **Termination Fee (see page 70)**

Mayflower has agreed to pay a termination fee of \$1.5 million to Independent if the merger agreement is terminated under any of the circumstances described in The Merger Agreement Termination Fee and Expense Reimbursement beginning on page 70.

### **Advisory Vote on Named Executive Officer Compensation in Connection with the Merger (see page 35)**

Mayflower's shareholders are being asked to vote on a non-binding advisory resolution approving certain compensation payable to the named executive officers of Mayflower in connection with the merger, approval of which requires the affirmative vote of a majority of the votes cast with respect to the proposal. Abstentions and broker non-votes will not affect whether such resolution is approved. Approval of this resolution is not a condition to completion of the merger. The vote with respect to certain compensation payable to the named executive officers of Mayflower in connection with the merger is an advisory vote and will not be binding on Mayflower or on Independent. Therefore, if the merger is approved by Mayflower's stockholders and completed, such compensation will still be paid to Mayflower's named executive officers if and when due.

### **Regulatory Approvals Required for the Merger (see page 54)**

Completion of the transactions contemplated by the merger agreement is subject to various regulatory approvals, including approval from the Federal Reserve Board, the Federal Deposit Insurance Corporation ( FDIC ), the Board of Bank Incorporation of the Commonwealth of Massachusetts, and the Massachusetts Commissioner of Banks. Independent and Mayflower have completed, or will complete, filing all of the required applications and notices with regulatory authorities. Although we do not know of any reason why we would not be able to obtain the necessary regulatory approvals in a timely manner, we cannot be certain when or if we will receive them.

### **Rights of Independent Shareholders Differ from Those of Mayflower Shareholders (see page 124)**

When the merger is completed, Mayflower's shareholders who receive Independent common stock as consideration in the merger will automatically become Independent's shareholders. The rights of Independent's shareholders differ from the rights of Mayflower's shareholders in important ways. Many of these differences relate to provisions in Independent's articles of organization and bylaws that differ from those of Mayflower. See Comparison of Rights of Shareholders of Mayflower and Independent beginning on page 121 for a summary of the material differences between the respective rights of Mayflower and Independent shareholders.

### **Tax Consequences of the Merger (see page 76)**

The federal tax consequences of the merger to Mayflower shareholders will depend primarily on whether they exchange their Mayflower common stock solely for Independent common stock, solely for cash, or for a combination of Independent common stock and cash. Mayflower shareholders who exchange their shares solely

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for Independent common stock should not recognize gain or loss except with respect to any cash they receive instead of receiving a fractional share of Independent common stock. Mayflower shareholders who exchange their shares solely for cash should recognize gain or loss on the exchange. Mayflower shareholders who exchange their shares for a combination of Independent common stock and cash should recognize gain (but not loss) with respect to the cash portion of the consideration they receive. The actual federal income tax consequences to Mayflower shareholders of electing to receive cash, Independent common stock or a combination of cash and stock will not be ascertainable at the time Mayflower shareholders make their election because it will not be known at that time how, or to what extent, the allocation and proration procedures will apply.

**This tax treatment may not apply to all Mayflower shareholders. Determining the actual tax consequences of the merger to Mayflower shareholders can be complicated. Mayflower shareholders should consult their own tax advisor for a full understanding of the merger's tax consequences that are particular to each shareholder.**

To review the tax consequences of the merger to Mayflower shareholders in greater detail, please see the section "Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 75.

**Dissenters' Rights of Appraisal (see page 33)**

Mayflower has concluded that shareholders are not entitled to assert appraisal rights under Sections 13.01 to 13.31 of the Massachusetts Business Corporation Act. Any shareholder who believes he is or may be entitled to appraisal rights and seeks to assert them in connection with the merger must deliver to Mayflower, before the vote is taken at the annual meeting, written notice of his intent to demand payment for his shares in the manner specified in the statute, and must not vote his shares in favor of the merger. A copy of the applicable Massachusetts Business Corporation Act provisions is attached as Annex C to this proxy statement/prospectus.

**Comparative Per Share Market Price Information (see page 24)**

Independent common stock trades on the NASDAQ Global Select Market under the symbol "INDB" and Mayflower common stock trades on the NASDAQ Global Market under the symbol "MFLR". The following presents the closing sale prices of Independent common stock and Mayflower common stock on May 14, 2013, the last trading day before we announced the merger agreement, and August 6, 2013 the last practicable trading day prior to mailing this document. The table also represents the equivalent value of the stock consideration to be paid in the merger per share of Mayflower common stock on those dates, calculated by multiplying the closing price of Independent common stock on those dates by an exchange ratio of 0.565, which represents the number of shares of Independent common stock that Mayflower's shareholders will receive in the merger for each share of Mayflower common stock.

Date	Independent Closing Price	Mayflower Closing Price	Exchange Ratio	Equivalent Per Share Value
May 14, 2013	\$ 32.59	\$ 10.67	0.565	\$ 18.4134
August 6, 2013	\$ 37.18	\$ 19.94	0.565	\$ 21.0067

The market prices of both Independent common stock and Mayflower's common stock will fluctuate prior to the merger. You should obtain current stock price quotations for Independent common stock and Mayflower common stock.

**Table of Contents****RISK FACTORS**

*In addition to the other information included in this proxy statement/prospectus, including the matters addressed under **Forward-Looking Information**, Mayflower's shareholders should carefully consider the following risks before deciding whether to vote for approval of the merger agreement. In addition, shareholders of Mayflower should read and consider the risks associated with each of the businesses of Independent and Mayflower because these risks will relate to the combined company. Certain of these risks with respect to Independent can be found in Independent's annual report on Form 10-K for the fiscal year ended December 31, 2012, and quarterly report on Form 10-Q for the quarter ended March 31, 2013, which reports are incorporated by reference into this proxy statement/prospectus. You should also consider the other information in this proxy statement/prospectus and the other documents incorporated by reference into this proxy statement/prospectus. See **Where You Can Find More Information** and **Incorporation of Certain Documents by Reference** beginning on page 144.*

**Risks Related to the Merger**

***Absent an exercise by Mayflower of its walk away right and a subsequent top up election by Independent, the exchange ratio used to determine the stock consideration in the merger will be 0.565 will not change due to changes in the market value of Mayflower common stock or Independent common stock before the completion of the merger, regardless of how significant such changes might be.***

Upon completion of the merger, each share of Mayflower common stock will be converted into the right to receive either (i) \$17.50 in cash or (2) 0.565 shares of Independent common stock. The exchange ratio used to determine the stock consideration will not increase based on fluctuations in market prices regardless of how far the price of Independent common stock falls, except in the event Independent's stock drops beyond certain levels and Mayflower exercises its walk away right and Independent subsequently exercises its right to top up the stock consideration to void the walk away right. The market values of Independent common stock and Mayflower common stock have varied since Independent and Mayflower entered into the merger agreement and will continue to vary in the future due to changes in the business, operations or prospects of Independent and Mayflower, market assessments of the merger, regulatory considerations, market and economic considerations, and other factors both within and beyond the control of Independent and Mayflower. Therefore, at the time of the annual meeting, Mayflower shareholders will not know or be able to calculate the market value of the Independent common stock they will receive upon completion of the merger. For example, based on the range of closing prices of Independent common stock during the period from May 13, 2013, the last trading day before public announcement of the merger, through August 6, 2013, the last practicable date before the date of this document, the exchange ratio represented a market value ranging from a low of \$20.9333 to a high of \$21.4248 for each share of Mayflower common stock.

***Mayflower shareholders may receive a form of consideration different from what they elect.***

The consideration to be received by Mayflower shareholders in the merger is subject to the requirement that 70% of the shares of Mayflower common stock be exchanged for Independent common stock and 30% be exchanged for cash. The merger agreement contains proration and allocation procedures to achieve this desired result. If you elect all cash and the available cash is oversubscribed, then you will receive a portion of the merger consideration in Independent common stock. If you elect all stock and the available stock is oversubscribed, then you will receive a portion of the merger consideration in cash. The type of consideration you receive may also be affected by the requirement that the value of the stock portion of the merger consideration be equal to at least 40% of the total value of the merger consideration.

***The fairness opinions obtained by Mayflower from its financial advisor will not reflect changes in circumstances after the date of the fairness opinion.***

Sterne, Agee & Leach, Inc., Mayflower's financial advisor in connection with the merger, has delivered to the board of directors of Mayflower its opinion dated as of May 14, 2013. The opinion of Sterne,

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Agee & Leach, Inc. states that as of the date of such opinion, and based upon and subject to the factors and assumptions set forth therein, the merger consideration to be paid to the holders of the outstanding shares of Mayflower common stock pursuant to the agreement and plan of merger was fair from a financial point of view to Mayflower. The opinion does not reflect changes that may occur or may have occurred after the date of such opinion, including changes to the operations and prospects of Mayflower or Independent, changes in general market and economic conditions or regulatory or other factors. Any such changes, or changes in other factors on which the opinion is based, may materially alter or affect the estimated valuation conclusions reached in such opinion for Mayflower.

### ***Mayflower will be subject to business uncertainties and contractual restrictions while the merger is pending.***

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on Mayflower and consequently on Independent. These uncertainties may impair Mayflower's ability to attract, retain and motivate key personnel until the merger is consummated, and could cause customers and others that deal with Mayflower to seek to change existing business relationships with Mayflower. Retention of certain employees may be challenging during the pendency of the merger, as certain employees may experience uncertainty about their future roles with Independent. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with Independent, Independent's business following the merger could be harmed. In addition, the merger agreement restricts Mayflower from making certain acquisitions and taking other specified actions until the merger occurs without the consent of Independent. These restrictions may prevent Mayflower from pursuing attractive business opportunities that may arise prior to the completion of the merger. Please see the section entitled "The Merger Agreement - Conduct of Business Pending the Merger" of this proxy statement/prospectus for a description of the restrictive covenants to which Mayflower is subject.

### ***Independent may fail to realize all of the anticipated benefits of the merger, particularly if the integration of Independent's and Mayflower's businesses is more difficult than expected.***

The success of the merger will depend, in part, on our ability to successfully combine the businesses of Independent and Mayflower. Independent may fail to realize some or all of the anticipated benefits of the transaction if the integration process takes longer than expected or is more costly than expected. Furthermore, any number of unanticipated adverse occurrences for either the business of Mayflower or Independent may cause us to fail to realize some or all of the expected benefits. The integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the merger. Each of these issues might adversely affect either Independent, Mayflower, or both during the transition period, resulting in adverse effects on Independent following the merger. As a result, revenues may be lower than expected or costs may be higher than expected and the overall benefits of the merger may not be as great as anticipated.

### ***The market price of Independent common stock after the merger may be affected by factors different from those affecting Independent common stock or Mayflower common stock currently.***

The businesses of Independent and Mayflower differ in some respects and, accordingly, the results of operations of the combined company and the market price of Independent's shares of common stock after the merger may be affected by factors different from those currently affecting the results of operations of each of Independent or Mayflower. For a discussion of the businesses of Independent and Mayflower and of certain factors to consider in connection with those businesses, see the documents incorporated by reference into this proxy statement/prospectus and referred to under "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference" beginning on page 144 and the information regarding Mayflower set forth under "The Companies - Mayflower" beginning on page 79.



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***Some of the directors and executive officers of Mayflower may have interests and arrangements that may have influenced their decisions to support or recommend that you approve the merger.***

The interests of some of the directors and executive officers of Mayflower may be different from those of Mayflower's shareholders, and certain directors and officers of Mayflower may be participants in arrangements that are different from, or are in addition to, those of Mayflower shareholders, including the acceleration of awards under equity plans, agreements in settlement of obligations to such directors and officers under pre-existing employment agreements. These interests are described in more detail in the section of this proxy statement/prospectus entitled "The Merger - Interests of Mayflower's Executive Officers and Directors in the Merger" beginning on page 56.

***The merger agreement limits Mayflower's ability to pursue alternatives to the merger.***

The merger agreement contains provisions that limit Mayflower's ability to solicit, initiate, encourage or take any actions to facilitate competing third-party proposals to acquire all or substantially all of Mayflower. These provisions, which include a \$1.5 million termination fee payable under certain circumstances, might discourage a potential competing acquiror that might have an interest in acquiring all or substantially all of Mayflower from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share market price than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire Mayflower than it might otherwise have proposed to pay.

***Regulatory approvals may not be received, may take longer than expected or impose conditions that are not presently anticipated.***

Before the merger may be completed, certain approvals or consents must be obtained from the various bank regulatory and other authorities in the United States and the Commonwealth of Massachusetts. These governmental entities, including the Federal Reserve Board, the FDIC, the Board of Bank Incorporation of the Commonwealth of Massachusetts, and the Massachusetts Division of Banks, may impose conditions on the completion of the merger or require changes to the terms of the merger. While Independent and Mayflower do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on or limiting the revenues of Independent following the merger, any of which might have a material adverse effect on Independent following the merger. Independent is not obligated to complete the merger if the regulatory approvals received in connection with the completion of the merger include any conditions or restrictions that would constitute a "Burdenome Condition" as defined in the merger agreement.

There can be no assurance as to whether the regulatory approvals will be received or the timing of the approvals. For more information, see the section entitled "The Merger - Regulatory Approvals Required to Complete the Merger" of this proxy statement/prospectus beginning on page 54.

***Mayflower shareholders who make elections may be unable to sell their shares in the market pending the merger.***

Mayflower shareholders may elect to receive cash, stock or mixed consideration in the merger by completing an election form that will be sent under separate cover. Making an election will require that shareholders turn in their Mayflower stock certificates. This means that during the time between when the election is made and the date the merger is completed, Mayflower shareholders will be unable to sell their Mayflower common stock. If the merger is unexpectedly delayed, this period could extend for a significant period of time. Mayflower shareholders can shorten the period during which they cannot sell their shares by delivering their election shortly before the election deadline. However, elections received after the election deadline will not be accepted or honored.

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### ***If the merger is not consummated by March 31, 2014, either Independent or Mayflower may choose not to proceed with the merger.***

Either Independent or Mayflower may terminate the merger agreement if the merger has not been completed by March 31, 2014, unless the failure of the merger to be completed has resulted from the failure of the party seeking to terminate the merger agreement to perform its obligations.

### ***The shares of Independent common stock to be received by Mayflower shareholders as a result of the merger will have different rights from the shares of Mayflower common stock.***

The rights associated with Mayflower common stock are different from the rights associated with Independent common stock. See the section of this proxy statement/prospectus entitled "Comparison of Rights of Shareholders of Mayflower and Independent" beginning on page 124 for a discussion of the different rights associated with Independent common stock.

## **Risks Related to Independent's Business**

### ***Changes in interest rates could adversely impact Independent's financial condition and results of operations.***

Independent's ability to make a profit, like that of most financial institutions, substantially depends upon its net interest income, which is the difference between the interest income earned on interest earning assets, such as loans and investment securities, and the interest expense paid on interest-bearing liabilities, such as deposits and borrowings. However, certain assets and liabilities may react differently to changes in market interest rates. Further, interest rates on some types of assets and liabilities may fluctuate prior to changes in broader market interest rates, while rates on other types of assets may lag behind. Additionally, some assets such as adjustable-rate mortgages have features, such as rate caps and floors, which restrict changes in their interest rates.

Factors such as inflation, recession, unemployment, money supply, global disorder, instability in domestic and foreign financial markets, and other factors beyond Independent's control, may affect interest rates. Changes in market interest rates will also affect the level of voluntary prepayments on loans and the receipt of payments on mortgage-backed securities, resulting in the receipt of proceeds that may have to be reinvested at a lower rate than the loan or mortgage-backed security being prepaid.

The state of the financial and credit markets, and potential sovereign debt defaults may severely impact the global and domestic economies and may lead to a significantly tighter environment in terms of liquidity and availability of credit. Economic growth may slow down and the national economy may experience additional recession periods. Market disruption, government and central bank policy actions intended to counteract the effects of recession, changes in investor expectations regarding compensation for market risk, credit risk and liquidity risk and changing economic data could continue to have dramatic effects on both the volatility of and the magnitude of the directional movements of interest rates. Although Independent pursues an asset/liability management strategy designed to control its risk from changes in interest rates, changes in market interest rates can have a material adverse effect on Independent's profitability.

### ***A further deterioration of the credit rating for U.S. long-term sovereign debt could adversely impact Independent.***

On August 5, 2011, Standard and Poor's downgraded the U.S. long-term sovereign debt from AAA, the highest rating, to AA+, the second highest rating. This downgrade did not directly impact the financial position or outlook for Independent, but a further downgrade as a result of an inability by the federal government to raise the U.S. debt limit or otherwise could result in a re-evaluation of the risk-free rate used in many accounting models, other-than-temporary-impairment of securities and/or impairment of goodwill and other intangibles.

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***If Independent has higher than anticipated loan losses than it has modeled, its earnings could materially decrease.***

Independent's loan customers may not repay loans according to their terms, and the collateral securing the payment of loans may be insufficient to assure repayment. Independent may therefore experience significant credit losses which could have a material adverse effect on its operating results and capital ratios. Independent makes various assumptions and judgments about the collectability of its loan portfolio, including the creditworthiness of borrowers and the value of the real estate and other assets serving as collateral for the repayment of loans. In determining the amount of the allowance for loan losses, Independent relies on its experience and its evaluation of economic conditions. If its assumptions prove to be incorrect, its current allowance for loan losses may not be sufficient to cover losses inherent in its loan portfolio and an adjustment may be necessary to allow for different economic conditions or adverse developments in its loan portfolio. Consequently, a problem with one or more loans could require Independent to significantly increase the level of its provision for loan losses. In addition, federal and state regulators periodically review Independent's allowance for loan losses and may require it to increase its provision for loan losses or recognize further loan charge-offs. Material additions to the allowance would materially decrease Independent's net income.

***A significant amount of Independent's loans are concentrated in Rockland Trust's geographic footprint and adverse conditions in this area could negatively impact its operations.***

Substantially all of the loans Independent originates are secured by properties located in, or are made to businesses which operate in Massachusetts, and to a lesser extent Rhode Island. Because of the current concentration of Independent's loan origination activities in its geographic footprint, in the event of adverse economic conditions, including, but not limited to, increased unemployment, downward pressure on the value of residential and commercial real estate, political or business developments, that may affect the ability of property owners and businesses to make payments of principal and interest on the underlying loans in Rockland Trust's geographic footprint. Independent would likely experience higher rates of loss and delinquency on its loans than if its loans were more geographically diversified, which could have an adverse effect on its results of operations or financial condition.

***Independent operates in a highly regulated environment and may be adversely impacted by changes in law, regulations, and accounting policies.***

Independent is subject to extensive regulation, supervision and examination. Any change in the laws or regulations and failure by Independent to comply with applicable law and regulation, or a change in regulators' supervisory policies or examination procedures, whether by the Massachusetts Commissioner of Banks, the FDIC, the Federal Reserve Board, other state or federal regulators, the United States Congress, or the Massachusetts legislature could have a material adverse effect on Independent's business, financial condition, results of operations, and cash flows. Changes in accounting policies, practices and standards, as may be adopted by the regulatory agencies as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board, and other accounting standard setters, could also negatively impact Independent's financial results.

***The Dodd-Frank Act will have a significant impact on the regulatory structure of the financial markets and will impose additional costs on Independent.***

The Dodd-Frank Act, among other things, establishes a new Financial Stability Oversight Council to monitor systemic risk posed by financial institutions, restricts proprietary trading and private fund investment activities by banking institutions, creates a new framework for the regulation of derivatives and revises the assessment base for deposit insurance. Provisions in the Dodd-Frank Act may also restrict the flexibility of financial institutions to compensate their employees. In addition, provisions in the Dodd-Frank Act may require changes to existing capital rules or affect their interpretations by institutions or regulators, which could have an

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adverse effect on Independent's business operations, capital structure, capital ratios or financial performance. The final effects of the Dodd-Frank Act on Independent's business will depend largely on the implementation of the Dodd-Frank Act by regulatory bodies and the exercise of discretion by these regulatory bodies.

***Independent has strong competition within its market area which may limit Independent's growth and profitability.***

Independent faces significant competition both in attracting deposits and in the origination of loans. Commercial banks, credit unions, savings banks, savings and loan associations operating in Independent's primary market area have historically provided most of its competition for deposits. Competition for the origination of real estate and other loans comes from other commercial banks, thrift institutions, credit unions, insurance companies, finance companies, other institutional lenders and mortgage companies.

***The success of Independent is dependent on hiring and retaining certain key personnel.***

Independent's performance is largely dependent on the talents and efforts of highly skilled individuals. Independent relies on key personnel to manage and operate its business, including major revenue generating functions such as loan and deposit generation. The loss of key staff may adversely affect Independent's ability to maintain and manage these functions effectively, which could negatively affect Independent's revenues. In addition, loss of key personnel could result in increased recruiting and hiring expenses, which could cause a decrease in Independent's net income. Independent's continued ability to compete effectively depends on its ability to attract new employees and to retain and motivate its existing employees.

***Independent's business strategy of growth in part through acquisitions could have an impact on its earnings and results of operations that may negatively impact the value of Independent's stock.***

In recent years, Independent has focused, in part, on growth through acquisitions. From time to time in the ordinary course of business, Independent engages in preliminary discussions with potential acquisition targets. The consummation of any future acquisitions may dilute stockholder value. Although Independent's business strategy emphasizes organic expansion combined with acquisitions, there can be no assurance that, in the future, Independent will successfully identify suitable acquisition candidates, complete acquisitions and successfully integrate acquired operations into our existing operations or expand into new markets. There can be no assurance that acquisitions will not have an adverse effect upon Independent's operating results while the operations of the acquired business are being integrated into Independent's operations. In addition, once integrated, acquired operations may not achieve levels of profitability comparable to those achieved by Independent's existing operations, or otherwise perform as expected. Further, transaction-related expenses may adversely affect Independent's earnings. These adverse effects on Independent's earnings and results of operations may have a negative impact on the value of Independent's stock.

***Difficult market conditions have adversely affected the industry in which Independent operates.***

In recent years, dramatic declines in the housing market, with falling real estate values and increasing foreclosures, unemployment, and under-employment have negatively impacted the credit performance of mortgage loans and resulted in significant write-downs of asset values by financial institutions, including government-sponsored entities as well as major commercial and investment banks. These write-downs, initially of mortgage-backed securities but spreading to credit default swaps and other derivative and cash securities, in turn, caused many financial institutions to seek additional capital, to merge with larger and stronger institutions and, in some cases to fail. Reflecting concern about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors reduced or ceased providing funding to borrowers, including to other financial institutions. This market turmoil and tightening of credit led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, increased market volatility and widespread reduction of business activity generally. A resumption of economic pressure on

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consumers and lack of confidence in the financial markets could materially affect Independent's business, financial condition, and results of operations. A worsening of these conditions would likely have adverse effects on Independent and others in the financial services industry. In particular, Independent may face the following risks in connection with these events:

Independent could face increased regulation of its industry. Compliance with such regulation may increase its costs and limit its ability to pursue business opportunities.

Market developments may affect customer confidence levels and may cause increases in loan delinquencies and default rates, which Independent expects could impact its loan charge-offs and provision for loan losses.

Deterioration or defaults made by issuers of the underlying collateral of Independent's investment securities may cause credit related other-than-temporary impairment charges to Independent's income statement.

Independent's ability to borrow from other financial institutions or to access the debt or equity capital markets on favorable terms or at all could be adversely affected by further disruptions in the capital markets or other events, including actions by rating agencies and deteriorating investor expectations.

Competition in the industry could intensify as a result of the increasing consolidation of financial services companies in connection with adverse market conditions.

Independent could be required to pay significantly higher FDIC premiums if market developments significantly deplete the insurance fund of the FDIC and reduce the ratio of reserves to insured deposits.

It may become necessary or advisable for Independent, due to changes in regulatory requirements, change in market conditions, or for other reasons, to hold more capital or to alter the forms of capital it currently maintains.

***Independent's securities portfolio performance in difficult market conditions could have adverse effects on Independent's results of operations.***

Under U.S. Generally Accepted Accounting Principles, Independent is required to review Independent's investment portfolio periodically for the presence of other-than-temporary impairment of its securities, taking into consideration current market conditions, the extent and nature of changes in fair value, issuer rating changes and trends, volatility of earnings, current analysts' evaluations, Independent's ability and intent to hold investments until a recovery of fair value, as well as other factors. Adverse developments with respect to one or more of the foregoing factors may require Independent to deem particular securities to be other-than-temporarily impaired, with the credit related portion of the reduction in the value recognized as a charge to Independent's earnings. Recent market volatility has made it extremely difficult to value certain of Independent's securities. Subsequent valuations, in light of factors prevailing at that time, may result in significant changes in the values of these securities in future periods. Any of these factors could require Independent to recognize further impairments in the value of Independent's securities portfolio, which may have an adverse effect on Independent's results of operations in future periods.

***Impairment of goodwill and/or intangible assets could require charges to earnings, which could result in a negative impact on our results of operations.***

Goodwill arises when a business is purchased for an amount greater than the net fair value of its assets. Independent has recognized goodwill as an asset on the balance sheet in connection with several recent acquisitions. When an intangible asset is determined to have an indefinite useful life, it is not amortized, and instead is evaluated for impairment. Goodwill is subject to impairment tests annually, or more frequently if necessary, and is evaluated using a two-step impairment approach. A significant and sustained decline in



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Independent's stock price and market capitalization, a significant decline in Independent's expected future cash flows, a significant adverse change in the business climate, slower growth rates or other factors could result in impairment of goodwill or other intangible assets. If Independent were to conclude that a future write-down of the goodwill or intangible assets is necessary, then Independent would record the appropriate charge to earnings, which could be materially adverse to the results of operations and financial position.

***Independent may fail to successfully integrate acquired companies and realize all of the anticipated benefits of an acquisition.***

The ultimate success of an acquisition will depend, in part, on the ability of Independent to realize the anticipated benefits from combining the businesses of Independent with those of an acquired company. If Independent is not able to successfully combine the businesses, the anticipated benefits of a merger may not be realized fully or at all or may take longer to realize than expected. Acquisitions may also result in unforeseen integration issues or impairment of goodwill and/or other intangibles.

***Deterioration in the Federal Home Loan Bank ( FHLB ) of Boston's capital might restrict the FHLB of Boston's ability to meet the funding needs of its members, cause a suspension of its dividend, and cause its stock to be determined to be impaired.***

Significant components of Rockland Trust's liquidity needs are met through its access to funding pursuant to its membership in the FHLB of Boston. The FHLB is a cooperative that provides services to its member banking institutions. The primary reason for joining the FHLB is to obtain funding from the FHLB of Boston. The purchase of stock in the FHLB is a requirement for a member to gain access to funding. Any deterioration in the FHLB's performance may affect Independent's access to funding and/or require Independent to deem the required investment in FHLB stock to be impaired.

***Reductions in the value of Independent's deferred tax assets could affect earnings adversely.***

A deferred tax asset is created by the tax effect of the differences between an asset's book value and its tax basis. Independent assesses the deferred tax assets periodically to determine the likelihood of Independent's ability to realize their benefits. These assessments consider the performance of the associated business and its ability to generate future taxable income. If the information available to Independent at the time of assessment indicates there is a greater than 50% chance that Independent will not realize the deferred tax asset benefit, Independent is required to establish a valuation allowance for it and reduce its future tax assets to the amount Independent believes could be realized in future tax returns. Recording such a valuation allowance could have a material adverse effect on the results of operations or financial position. Additionally the deferred tax asset is measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. Accordingly a change in enacted tax rates may result in a decrease/increase to Independent's deferred tax asset.

***Independent will need to keep pace with evolving information technology and guard against and react to increased cyber security risks and electronic fraud.***

The potential need to adapt to changes in information technology could adversely impact Independent's operations and require increased capital spending. The risk of electronic fraudulent activity within the financial services industry, especially in the commercial banking sector due to cyber criminals targeting bank accounts and other customer information, could adversely impact Independent's operations, damage its reputation, and require increased capital spending.

***Independent's business depends on maintaining the trust and confidence of customers and other market participants, and the resulting good reputation is critical to its business.***

Independent's ability to originate and maintain accounts is highly dependent upon the perceptions of consumer and commercial borrowers and deposit holders and other external perceptions of Independent's

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business practices or financial health. Independent's reputation is vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Regulatory inquiries, employee misconduct and rumors, among other things, can substantially damage Independent's reputation, even if they are baseless or satisfactorily addressed. Adverse perceptions regarding Independent's reputation in the consumer, commercial and funding markets could lead to difficulties in generating and maintaining accounts as well as in financing them and to decreases in the levels of deposits that consumer and commercial customers and potential customers choose to maintain with Independent, any of which could have a material adverse effect on Independent's business and financial results.

***If Independent's risk management framework does not effectively identify or mitigate Independent's risks, Independent could suffer unexpected losses and could be materially adversely affected.***

Independent's risk management framework seeks to mitigate risk and appropriately balance risk and return. Independent has established processes and procedures intended to identify, measure, monitor and report the types of risk to which its subject, including credit risk, operations risk, compliance risk, reputation risk, strategic risk, market risk, and liquidity risk. Independent seeks to monitor and control its risk exposure through a framework of policies, procedures and reporting requirements. Management of Independent's risks in some cases depends upon the use of analytical and/or forecasting models. If the models used to mitigate these risks are inadequate, Independent may incur losses. In addition, there may be risks that exist, or that develop in the future, that Independent has not appropriately anticipated, identified, or mitigated. If Independent's risk management framework does not effectively identify or mitigate its risks, Independent could suffer unexpected losses and could be materially adversely affected.



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**FORWARD-LOOKING STATEMENTS**

This document contains or incorporates by reference a number of forward-looking statements regarding the financial condition, results of operations, earnings outlook, and business prospects of Independent, Mayflower, and the potential combined company and may include statements for the period following the completion of the merger. You can find many of these statements by looking for words such as expects, projects, anticipates, believes, intends, estimates, strategy, plan, potential, possible, and other similar expressions.

The forward-looking statements involve certain assumptions, risks, and uncertainties. In particular, the ability of either Independent or Mayflower to predict results or actual effects of its plans and strategies, or those of the combined company, is inherently uncertain. Accordingly, actual results may differ materially from those expressed in, or implied by, the forward-looking statements. You therefore are cautioned not to place undue reliance on these statements, which speak only as of the date of this document or the date of any document incorporated by reference in this document. Some of the factors that may cause actual results or earnings to differ materially from those contemplated by the forward-looking statements include, but are not limited to, those discussed elsewhere in this proxy statement/prospectus under Risk Factors and those discussed in the filings of Independent that are incorporated herein by reference, as well as the following:

those risks and uncertainties Independent and Mayflower discuss or identify in their public filings with the SEC;

the risk that the businesses of Independent and Mayflower will not be integrated successfully or such integration may be more difficult, time-consuming, or costly than expected;

expected revenue synergies and cost savings from the merger may not be fully realized or realized within the expected time frame;

revenues following the merger may be lower than expected;

competitive pressure among financial services companies may increase significantly;

general economic or business conditions, either nationally, regionally, or in the markets in which Independent and Mayflower do business, may be less favorable than expected;

changes in the interest rate environment may reduce interest margins and impact funding sources;

changes in both companies' businesses during the period between now and the completion of the merger may have adverse impacts on the combined company;

changes in market rates and prices may adversely impact the value of financial products and assets;

deterioration in the credit markets may adversely impact either company or its business;

legislation or regulatory environments, requirements, or changes, including changes in accounting methods, may adversely affect businesses in which either company is engaged;

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litigation liabilities, including costs, expenses, settlements and judgments, may adversely affect either company or its businesses;

deposit attrition, operating costs, customer loss and business disruption following the merger, including difficulties in maintaining relationships with employees, may be greater than expected; and

the ability to obtain timely governmental approvals of the merger without the imposition of any conditions that would adversely affect the potential combined company.

These forward-looking statements are subject to assumptions, risks and uncertainties, and actual results may differ materially from those expressed or implied by these forward-looking statements.

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All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this document and attributable to Independent or Mayflower or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, Independent and Mayflower undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

**Table of Contents****SUMMARY HISTORICAL AND UNAUDITED PRO FORMA FINANCIAL INFORMATION****Comparative Per Share Market Price Information**

Independent common stock trades on the NASDAQ Global Select Market under the symbol INDB and Mayflower common stock trades on the NASDAQ Global Market under the symbol MFLR. The following presents the closing sale prices of Independent common stock and Mayflower common stock on May 14, 2013, the last trading day before we announced the merger agreement, and August 6, 2013, the last practicable trading day prior to mailing this document. The table also represents the equivalent value of the stock consideration to be paid in the merger per share of Mayflower common stock on those dates, calculated by multiplying the closing price of Independent common stock on those dates by an exchange ratio of 0.565, which represents the number of shares of Independent common stock that Mayflower's shareholders will receive in the merger for each share of Mayflower common stock using such exchange ratio.

Date	Independent Closing Price	Mayflower Closing Price	Exchange Ratio	Equivalent Per Share Value
May 14, 2013	\$ 32.59	\$ 10.67	0.565	\$ 18.4134
August 6, 2013	\$ 37.18	\$ 19.94	0.565	\$ 21.0067

The above table shows only historical comparisons. These comparisons may not provide meaningful information to Mayflower shareholders in determining whether to approve the merger agreement. Mayflower shareholders are urged to obtain current market quotations for Independent and Mayflower common stock and to review carefully the other information contained in this proxy statement/prospectus or incorporated by reference into this proxy statement/prospectus in considering whether to approve the merger agreement. See the section entitled "Where You Can Find More Information" beginning on page 143 of this proxy statement/prospectus.

**Comparative Stock Prices and Dividends**

The following table sets forth, for the periods indicated, the high and low sale prices per share of Independent common stock as reported by the NASDAQ Global Select Market and the high and low sale prices per share of Mayflower common stock as reported by the NASDAQ Global Market. The table also provides information as to dividends paid per share of Independent common stock and Mayflower common stock. As of August 6, 2013, there were 22,956,489 shares of Independent common stock issued and outstanding and approximately 2,688 shareholders of record and 2,064,106 shares of Mayflower common stock issues and outstanding and approximately 239 shareholders of record.

	Independent Sales Price		Dividend per Share
	High	Low	
<b>2011</b>			
Quarter Ended March 31,	\$ 28.83	\$ 25.48	\$ 0.19
Quarter Ended June 30,	29.98	25.95	0.19
Quarter Ended September 30,	27.91	20.86	0.19
Quarter Ended December 31,	27.95	20.42	0.19
<b>2012</b>			
Quarter Ended March 31,	\$ 29.27	\$ 26.46	\$ 0.21
Quarter Ended June 30,	29.35	26.07	0.21
Quarter Ended September 30,	31.39	28.49	0.21
Quarter Ended December 31,	31.10	27.96	0.21
<b>2013</b>			
Quarter Ended March 31,	\$ 32.77	\$ 29.68	\$ 0.22

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	Mayflower Sales Price		Dividend per Share
	High	Low	
<b>Fiscal Year 2012</b>			
Quarter ended July 31, 2011	\$ 9.18	\$ 8.40	\$ 0.06
Quarter ended October 31, 2011	8.88	7.00	0.06
Quarter ended January 31, 2012	8.76	7.40	0.06
Two months ended March 31, 2012	8.50	7.57	0.06
<b>Fiscal Year 2013</b>			
Quarter ended June 30, 2012	\$ 10.86	\$ 8.00	\$ 0.06
Quarter ended September 30, 2012	11.20	9.86	0.06
Quarter ended December 31, 2012	10.97	9.85	0.06
Quarter ended March 31, 2013	11.25	9.75	0.06

The current annualized rate of distribution on a share of Independent common stock is \$0.88 per share. After completion of this offering, subject to approval and declaration by the Independent board of directors, Independent anticipates that it will continue to declare quarterly cash dividends on shares of its common stock consistent with past practices.

Mayflower expects to continue to declare quarterly cash dividends on Mayflower common stock until the merger is completed, subject to terms and conditions of the merger agreement. Prior to completion of the merger, Mayflower's shareholders will continue to receive any regular quarterly dividends declared and paid by Mayflower, at a rate not to exceed \$0.06 per share of Mayflower common stock. Holders of Mayflower common stock will stop receiving cash dividends with respect to shares of Mayflower common stock upon completion of the merger, when the separate corporate existence of Mayflower will cease.

**Unaudited Comparative Per Share Data**

The table that follows presents, for both Independent and Mayflower, historical information with respect to earnings, dividends and book value on a per share basis. The table also presents preliminary pro forma information for both companies on a per share basis. The preliminary pro forma information was prepared as if the merger had become effective at the end of the period presented.

The preliminary pro forma information as of December 31, 2012 assumes total merger consideration of approximately \$35.2 million, consisting of approximately \$11.1 million in cash and 834,444 shares of Independent common stock to be paid or issued to holders of Mayflower common stock upon completion of the merger. The number of shares of Independent common stock was calculated based on 2,064,106 shares of Mayflower common stock outstanding on December 31, 2012 plus outstanding stock options of 45,740. Based on the close price of Independent of \$28.95 on December 31, 2012, the value of the merger consideration to be received in exchange for one share of Mayflower common stock not exchanged for \$17.50 in cash would have been \$16.36.

The preliminary pro forma information as of March 31, 2013 assumes total merger consideration of approximately \$38.3 million, consisting of approximately \$11.1 million in cash and 834,444 shares of Independent common stock to be paid or issued to holders of Mayflower common stock upon completion of the merger. The number of shares of Independent common stock was calculated based on 2,064,106 shares of Mayflower common stock outstanding on March 31, 2013 plus outstanding stock options of 45,740. Based on the close price of Independent of \$32.59 on March 28, 2013, the value of the merger consideration to be received in exchange for one share of Mayflower common stock not exchanged for \$17.50 in cash would have been \$18.41.

The preliminary pro forma equivalent per share information shown for Mayflower in the following table was obtained by multiplying the pro forma per share amounts shown for Independent by the exchange ratio of 0.565. The actual number of shares to be issued by Independent in the merger will also depend on the number of shares of Mayflower common stock outstanding immediately prior to the effective date of the merger.

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The preliminary pro forma financial information includes estimated adjustments to record Mayflower assets and liabilities at their respective fair values based on Independent's management's best estimate using the information available at this time. The preliminary pro forma adjustments may be revised as additional information becomes available and as additional analyses are performed. The final allocation of the purchase price will be determined after the merger is completed and after the completion of a final analysis to determine the fair values of Mayflower's tangible and identifiable intangible assets and liabilities as of the closing date. The final purchase price adjustments may differ materially from the preliminary pro forma adjustments. Increases or decreases in the fair value of certain balance sheet amounts and other items of Mayflower as compared to the information presented in this document may change the amount of the purchase price allocated to goodwill and other assets and liabilities and may impact the statement of income due to adjustments in yield and/or amortization of adjusted assets and liabilities.

It is anticipated that the merger will provide Independent with financial benefits, such as possible expense efficiencies and revenue enhancements, among other factors, although no assurances can be given that these benefits will actually be achieved. The impact of these benefits has not been reflected in the preliminary pro forma financial information. As required, the preliminary pro forma financial information includes adjustments that give effect to events that are directly attributable to the merger and factually supportable. As a result, any planned adjustments affecting the balance sheet, income statement, or shares of common stock outstanding subsequent to the assumed merger completion date have not been included.

The preliminary pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the financial results of the combined companies had the merger actually been completed as of or at the beginning of each period presented nor does it indicate future results for any interim or full-year period.

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The information in the following table is derived from and should be read in conjunction with the historical consolidated financial statements and the notes thereto for Independent and Mayflower contained in this proxy statement/prospectus or incorporated into this document by reference.

	At or For the Year Ended December 31, 2012	At or For the Quarter Ended March 31, 2013
<b>Book value per share:</b>		
Independent Bank historical	\$ 23.24	\$ 23.50
Mayflower Bancorp historical	10.98	10.99
Pro forma combined	23.44	23.82
Mayflower Bancorp pro forma equivalent	13.25	13.46
<b>Tangible book value per share:</b>		
Independent Bank historical	\$ 16.12	\$ 16.44
Mayflower Bancorp historical	10.98	10.99
Pro forma combined	15.99	16.30
Mayflower Bancorp pro forma equivalent	9.04	9.21
<b>Cash dividends declared per share:</b>		
Independent Bank historical	\$ 0.84	\$ 0.22
Mayflower Bancorp historical	0.24	0.06
Pro forma combined	0.84	0.22
Mayflower Bancorp pro forma equivalent	0.47	0.12
<b>Basic net income per share:</b>		
Independent Bank historical	\$ 1.96	\$ 0.54
Mayflower Bancorp historical	0.73	0.14
Pro forma combined	1.74	0.48
Mayflower Bancorp pro forma equivalent	0.98	0.27
<b>Diluted net income per share:</b>		
Independent Bank historical	\$ 1.95	\$ 0.54
Mayflower Bancorp historical	0.73	0.14
Pro forma combined	1.73	0.48
Mayflower Bancorp pro forma equivalent	0.98	0.27

**Table of Contents****Independent Selected Historical Financial and Operating Data**

The following table provides summary historical consolidated financial data for Independent as of the end of and for each of the fiscal years in the five-year period ended December 31, 2012, as of the end of and for the three months ended March 31, 2013 and March 31, 2012. The historical consolidated financial data as of the end of and for each of the fiscal years in the five-year period ended December 31, 2012 have been derived in part from Independent's audited financial statements and related notes incorporated by reference into this document. The historical consolidated financial data as of the end of and for the three months ended March 31, 2013 and March 31, 2012 have been derived from Independent's unaudited financial statements and related notes incorporated by reference into this document and are not necessarily indicative of the results that may be expected for the full year or any other interim period. The following information is only a summary and you should read it in conjunction with Independent's financial statements and related notes incorporated by reference into this document.

	At or for the Three Months Ended March 31,			At or for the Year Ended December 31,			
	2013	2012	2012	2011	2010	2009	2008
	<i>(Dollars in Thousands, Except Per Share Data)</i>						
<b>FINANCIAL CONDITION DATA:</b>							
Securities available for sale	335,693	\$ 362,109	\$ 329,286	\$ 305,332	\$ 377,457	\$ 508,650	\$ 575,688
Securities held to maturity	209,090	200,921	178,318	204,956	202,732	93,410	32,789
Loans	4,487,478	3,869,756	4,519,011	3,794,390	3,555,679	3,395,515	2,652,536
Allowance for loan losses	51,906	48,340	51,834	48,260	46,255	42,361	37,049
Goodwill and core deposit intangibles	161,616	140,323	162,144	140,722	141,956	143,730	125,710
Total assets	5,721,120	4,985,739	5,756,985	4,970,240	4,695,738	4,482,021	3,628,469
Total deposits	4,551,410	3,945,713	4,546,677	3,876,829	3,627,783	3,375,294	2,579,080
Total borrowings	550,782	484,115	591,055	537,686	565,434	647,397	695,317
Stockholders' equity	537,575	478,863	529,320	469,057	436,472	412,649	305,274
Nonperforming loans	33,091	31,646	28,766	28,953	23,108	36,183	26,933
Nonperforming assets	46,815	40,736	42,427	37,149	31,493	41,245	29,883
Shares outstanding	22,871,347	21,608,285	22,774,009	21,499,768	21,220,801	20,935,421	16,285,455
<b>OPERATING DATA:</b>							
Interest income	\$ 50,820	\$ 47,796	\$ 196,192	\$ 195,751	\$ 202,724	\$ 202,689	\$ 175,440
Interest expense	5,958	5,943	23,393	28,672	38,763	51,995	58,926
Net interest income	44,862	41,853	172,799	167,079	163,961	150,694	116,514
Provision for loan losses	1,300	1,600	18,056	11,482	18,655	17,335	10,888
Noninterest income	15,724	13,909	62,016	52,700	46,906	38,192	29,032
Noninterest expenses	42,920	37,358	159,459	145,713	139,745	141,815	104,143
Net income	12,252	12,183	42,627	45,436	40,240	22,989	23,964
Preferred stock dividend						5,698	
Net income available to the common shareholder	12,252	12,183	42,627	45,436	40,240	17,291	23,964
<b>PER SHARE DATA:</b>							
Net income- basic	\$ 0.54	\$ 0.57	\$ 1.96	\$ 2.12	\$ 1.90	\$ 0.88	\$ 1.53
Net income- diluted	0.54	0.56	1.95	2.12	1.90	0.88	1.52
Cash dividends declared	0.22	0.21	0.84	0.76	0.72	0.72	0.72
Book value	23.50	22.16	23.24	21.82	20.57	19.58	18.75
<b>OPERATING RATIOS:</b>							
Return on average assets	0.88%	1.00%	0.83%	0.96%	0.88%	0.40%	0.73%
Return on average common equity	9.25%	10.31%	8.66%	9.93%	9.46%	4.29%	8.20%
Net interest margin (on a fully tax equivalent basis)	3.58%	3.82%	3.75%	3.90%	3.95%	3.89%	3.95%
Equity to assets	9.40%	9.60%	9.19%	9.44%	9.30%	9.21%	8.41%
Dividend payout ratio		37.26%	52.77%	35.88%	37.93%	82.79%	48.95%
<b>ASSET QUALITY RATIOS:</b>							
Nonperforming loans as a percent of gross loans	0.74%	0.82%	0.64%	0.76%	0.65%	1.07%	1.02%



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Nonperforming assets as a percent of total assets	0.82%	0.82%	0.74%	0.75%	0.67%	0.92%	0.82%
Allowance for loan losses as a percent of total loans	1.16%	1.25%	1.15%	1.27%	1.30%	1.25%	1.40%
Allowance for loan losses as a percent of nonperforming loans	156.86%	152.75%	180.19%	166.68%	200.17%	117.07%	137.56%
<b>CAPITAL RATIOS:</b>							
Tier 1 leverage capital ratio	8.51%	8.77%	8.65%	8.61%	8.19%	7.87%	7.55%
Tier 1 risk-based capital ratio	10.57%	10.71%	10.36%	10.74%	10.28%	9.83%	9.50%
Total risk-based capital ratio	12.43%	12.73%	12.23%	12.78%	12.37%	11.92%	11.85%

**Table of Contents****Mayflower Selected Historical Consolidated Financial Data**

The following table provides summary historical consolidated financial data for Mayflower as of the end of and for the fiscal year ended March 31, 2013, the 11-month transition period ended March 31, 2012 and each of the fiscal years in the four-year period ended April 30, 2011. The historical consolidated financial data as of the end of and for each of the fiscal years and the transition period covered by the table below have been derived in part from Mayflower's audited financial statements and related notes that appear beginning on page F-1 of this document. The following information is only a summary and you should read it in conjunction with Mayflower's financial statements and related notes that appear beginning on page F-1 of this document.

	As of and For the Year Ended March 31, 2013	As of and For the 11 months ended March 31, 2012	2011	2010	At or for the Year Ended April 30, 2009 2008	
<b>FINANCIAL CONDITION DATA:</b>						
Securities available for sale	\$ 48,248	\$ 44,295	\$ 46,350	\$ 49,576	\$ 45,022	\$ 51,466
Securities held to maturity	45,952	43,969	45,554	44,793	45,239	43,377
Loans	140,529	135,548	125,711	121,739	132,416	126,711
Allowance for loan losses	1,208	1,217	1,214	1,194	1,305	1,375
Total assets	261,344	251,555	246,883	255,530	249,545	243,751
Total deposits	235,683	226,562	221,023	225,317	213,957	204,176
Total borrowings	1,000	1,000	3,500	7,500	13,888	18,659
Stockholders' equity	22,626	21,884	21,177	20,480	19,338	19,889
Nonperforming loans	445	312	1,703	514	345	617
Nonperforming assets	584	506	2,914	2,329	935	1,222
Shares outstanding	2,058,422	2,063,067	2,075,035	2,078,985	2,085,886	2,092,028
<b>OPERATING DATA:</b>						
Interest income	\$ 9,038	\$ 9,000	\$ 10,415	\$ 11,279	\$ 12,406	\$ 13,459
Interest expense	1,029	1,307	1,918	3,339	5,068	6,671
Net interest income	8,009	7,693	8,497	7,940	7,338	6,788
Provision for loan losses	40	228	201	215		
Noninterest income	2,129	1,687	1,921	1,797	(323)	1,431
Noninterest expenses	7,840	7,317	8,142	7,802	7,185	6,742
Net Income	1,468	1,217	1,338	1,163	35	1,056
<b>PER SHARE DATA:</b>						
Net income - basic	\$ 0.71	\$ 0.59	\$ 0.64	\$ 0.56	\$ 0.02	\$ 0.50
Net income - diluted	0.71	0.59	0.64	0.56	0.02	0.49
Cash dividends declared	0.24	0.24	0.24	0.28	0.40	0.40
Book value	10.99	10.61	10.21	9.85	9.27	9.51
<b>OPERATING RATIOS:</b>						
Return on average assets	0.58%	0.53%	0.54%	0.47%	0.02%	0.44%
Return on average common equity	6.56%	6.15%	6.41%	5.83%	0.19%	5.39%
Net interest margin (on a fully tax equivalent basis)	3.40%	3.62%	3.77%	3.53%	3.25%	2.99%
Equity to assets	8.66%	8.70%	8.58%	8.01%	7.75%	8.16%
Dividend payout ratio	33.72%	40.87%	37.37%	50.21%	2385.71%	79.36%
<b>ASSET QUALITY RATIOS:</b>						
Nonperforming loans as a percent of gross loans	0.32%	0.23%	1.35%	0.42%	0.26%	0.49%
Nonperforming assets as a percent of total assets	0.22%	0.20%	1.18%	0.91%	0.37%	0.50%
	0.86%	0.90%	0.97%	0.98%	0.99%	1.09%

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Allowance for loan losses as a percent of total loans						
Allowance for loan losses as a percent of nonperforming loans	271.46%	390.06%	71.29%	232.30%	378.26%	222.85%
<b>CAPITAL RATIOS:</b>						
Tier 1 leverage capital ratio	8.60%	8.40%	8.40%	7.90%	7.60%	8.10%
Tier 1 risk-based capital ratio	16.70%	15.90%	15.10%	14.50%	13.40%	14.20%
Total risk-based capital ratio	17.70%	16.90%	16.10%	15.50%	14.40%	15.30%

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**THE ANNUAL MEETING OF MAYFLOWER SHAREHOLDERS**

This proxy statement/prospectus is being provided to holders of Mayflower common stock as Mayflower proxy statement in connection with the solicitation of proxies by and on behalf of its board of directors to be voted at the annual meeting of Mayflower shareholders to be held on September 20, 2013, and at any adjournment or postponement of the annual meeting. This proxy statement/prospectus is also being provided to you as Independent Bank Corp. s prospectus in connection with the offer and sale by Independent Bank Corp. of its shares of common stock as a result of the proposed merger.

**Date, Time and Place of the Annual Meeting**

The annual meeting is scheduled to be held as follows:

Date: September 20, 2013

Time: 10:00 a.m., Eastern Daylight Time

Place: The Boston Tavern, 58 East Grove Street Middleboro MA

**Purpose of the Annual Meeting**

At the annual meeting, Mayflower s shareholders will be asked to:

approve the merger agreement and the transactions it contemplates, including the merger;

approve one or more adjournments of the annual meeting if necessary to permit further solicitation of proxies in favor of the Mayflower merger agreement proposal;

vote on a non-binding advisory resolution approving certain compensation payable to the named executive officers of Mayflower in connection with the merger;

elect four directors (the nominees to be elected at the annual meeting will serve until the consummation of the merger, or if the merger is not consummated, for a term of three years and until their respective successors are elected and qualified);

ratify the appointment of Marcum LLP as independent auditors for Mayflower for the fiscal year ending March 31, 2014;

vote on a non-binding resolution to approve the compensation of the named executive officers;

vote on the frequency of the advisory vote on the compensation of the named executive officers; and

transact any other business that may properly come before the annual meeting or any postponement or adjournment of the annual meeting.

**Recommendation of Mayflower s Board of Directors**

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Mayflower's board of directors unanimously recommends a vote FOR approval and adoption of the agreement and plan of merger, FOR approval of the proposal to adjourn the meeting if necessary to permit further solicitation of proxies on the proposal to approve the agreement and plan of merger, FOR the approval of certain compensation payable to Mayflower's named executive officers in connection with the merger, FOR each of the nominees for election as directors, FOR the ratification of the appointment of independent auditors for the fiscal year ending March 31, 2014, FOR the approval of the compensation of the named executive officers and to hold the advisory vote to approve the compensation of Mayflower's named executive officers EVERY YEAR.

### **Record Date; Shares Entitled to Vote**

You are entitled to vote if the records of Mayflower showed that you held shares of Mayflower common stock as of the close of business on August 6, 2013. Beneficial owners of shares held in the name of a broker,

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bank or other nominee ( street name ) should instruct their recordholder how to vote their shares. As of the close of business on the record date, a total of 2,064,106 shares of Mayflower common stock were outstanding. Each share of common stock has one vote on each matter presented to shareholders. If you are a beneficial owner of shares of Mayflower common stock held in street name and you want to vote your shares in person at the meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.

### **Quorum; Vote Required**

We will have a quorum and will be able to conduct the business of the annual meeting if the holders of at least a majority of the total number of shares of common stock outstanding and entitled to vote are present at the meeting, either in person or by proxy.

The annual meeting will conduct business only if a majority of the outstanding shares of Mayflower common stock entitled to vote is represented in person or by proxy at the meeting. If you return valid proxy instructions or attend the meeting in person, your shares will be counted for purposes of determining whether there is a quorum, even if you abstain from voting. Broker non-votes also will be counted for purposes of determining the existence of a quorum. A broker non-vote occurs when a broker, bank or other nominee holding shares of Mayflower common stock for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

Approval of the agreement and plan of merger will require the affirmative vote of at least two-thirds of the outstanding shares of Mayflower common stock entitled to vote at the meeting. **Failure to return a properly executed proxy card or to vote in person will have the same effect as a vote against the agreement and plan of merger. Broker non-votes and abstentions from voting will have the same effect as voting against the agreement and plan of merger.**

The affirmative vote of the majority of votes cast is required to approve the proposal to approve one or more adjournments of the annual meeting if necessary to permit further solicitation of proxies in favor of the Mayflower merger agreement proposal.

The affirmative vote of the majority of votes cast is required to approve the non-binding resolution regarding certain compensation of Mayflower s named executive officers in connection with the merger.

In voting on the election of directors, you may vote in favor of the nominees, withhold votes as to all nominees, or withhold votes as to specific nominees. There is no cumulative voting for the election of directors. Directors must be elected by a plurality of the votes cast at the annual meeting. This means that the nominees receiving the greatest number of votes will be elected.

In voting on the ratification of the appointment of Marcum LLP as Mayflower s independent registered public accounting firm, you may vote in favor of the proposal, vote against the proposal or abstain from voting. To ratify the selection of Marcum LLP as our independent registered public accounting firm for the year ending March 31, 2014, the affirmative vote of a majority of the votes cast at the annual meeting is required.

In the advisory vote on the non-binding resolution to approve the compensation of the named executive officers, you may vote in favor of the proposal, vote against the proposal or abstain from voting. To approve the non-binding resolution on an advisory basis, the affirmative vote of a majority of the votes cast at the annual meeting is required.

In the advisory vote on the frequency of the stockholder vote to approve the compensation of the named executive officers, you may vote for a frequency of every one, two, or three years or abstain from voting. The option of one year, two years or three years that receives the highest number of votes cast will be the frequency selected by Mayflower s stockholders.

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### **Mayflower Voting Agreements**

As of August 6, 2013, directors and executive officers of Mayflower beneficially owned 219,943 shares of Mayflower common stock. This equals 10.45% of the outstanding shares of Mayflower common stock. As of the same date, neither Independent Bank Corp. nor any its subsidiaries, directors or executive officers owned any shares of Mayflower common stock. All of Mayflower's directors entered into voting agreements with Independent Bank Corp., solely in their capacities as shareholders of Mayflower, to vote the 181,173 shares of Mayflower common stock owned by them in favor of the proposal to approve the agreement and plan of merger. For more information about the Mayflower voting agreements, see Voting Agreements.

### **Voting of Proxies**

You may vote in person at the annual meeting or by proxy. To ensure your representation at the annual meeting, Mayflower recommends that you vote by proxy even if you plan to attend the annual meeting. You can always change your vote at the annual meeting.

Mayflower shareholders whose shares are held in street name by their broker, bank or other nominee must follow the instructions provided by their broker, bank, or other nominee to vote their shares. Your broker or bank may allow you to deliver your voting instructions via the telephone or the Internet. If your shares are held in street name and you wish to vote in person at the annual meeting, you will have to obtain a legal proxy from your recordholder entitling you to vote at the special meeting.

Voting instructions are included on your proxy form. If you properly complete and timely submit your proxy, your shares will be voted as you have directed. If you are the record holder of your shares of Mayflower common stock and submit your proxy without specifying a voting instruction, your shares of Mayflower common stock will be voted FOR the proposal to approve and adopt the agreement and plan of merger, FOR the proposal to approve one or more adjournments of the annual meeting if necessary to permit further solicitation of proxies in favor of the Mayflower merger agreement proposal, FOR the non-binding advisory resolution approving certain compensation payable to the named executive officers of Mayflower in connection with the merger, FOR each of the nominees for election as directors, FOR the ratification of the appointment of independent auditors for the fiscal year ending March 31, 2014, FOR the approval of the compensation of the named executive officers and to hold the advisory vote to approve the compensation of the named executive officers EVERY YEAR. If you return an incomplete instruction card to your broker, bank or other nominee, that nominee will not vote your shares with respect to any matter except for the ratification of the independent auditors.

### **How to Revoke Your Proxy**

You may revoke your proxy at any time before it is voted by:

filing with the Corporate Secretary of Mayflower a duly executed revocation of proxy;

submitting a new proxy with a later date; or

voting in person at the annual meeting.

Attendance at the annual meeting will not, in and of itself, constitute a revocation of a proxy. All written notices of revocation and other communication with respect to the revocation of proxies should be addressed to:

Mayflower Bancorp, Inc.

Maria Vafiades, Corporate Secretary

30 South Main Street

Middleboro, Massachusetts 02346

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If any matters not described in this proxy statement are properly presented at the annual meeting, the persons named in the proxy card will vote your shares as determined by a majority of Mayflower's board of directors. Mayflower does not know of any other matters to be presented at the meeting.



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### **Voting in Person**

If you plan to attend the Mayflower annual meeting and wish to vote in person, you will be given a ballot at the meeting. Please note, however, that if your shares are held of record by a broker, bank, or other nominee and you wish to vote at the Mayflower annual meeting, you must bring additional documentation from the broker, bank, or other nominee in order to vote your shares. Whether or not you plan to attend the Mayflower annual meeting, Mayflower requests that you complete, sign, date and return the enclosed proxy card as soon as possible in the enclosed postage-paid envelope, or submit a proxy through the Internet or by telephone as described on the enclosed proxy card. This will not prevent you from voting in person at the Mayflower annual meeting but will assure that your vote is counted if you are unable to attend.

### **Abstentions and Broker Non-Votes**

If you return valid proxy instructions or attend the meeting in person, we will count your shares for purposes of determining whether there is a quorum, even if you abstain from voting. Broker non-votes, if any, also will be counted for purposes of determining the existence of a quorum. On the proposal to approve the agreement and plan of merger, broker non-votes and abstentions from voting will have the same effect as voting against the agreement and plan of merger. In the election of directors, votes that are withheld and broker non-votes will have no effect on the outcome of the election. In counting votes on the proposal to approve one or more adjournments of the annual meeting if necessary to permit further solicitation of proxies in favor of the Mayflower merger agreement proposal, the non-binding resolution approving certain compensation payable to the named executive officers of Mayflower in connection with the merger, the ratification of the appointment of Marcum LLP as Mayflower's independent registered public accounting firm for the year ending March 31, 2014, the non-binding resolution to approve the compensation of the named executive officers and the proposal with respect to the frequency of the stockholder vote to approve the compensation of the named executive officers, abstentions and broker non-votes will have no effect on the outcome of the vote.

### **Proxy Solicitation**

Mayflower Bancorp is soliciting your proxy. Mayflower will pay for this proxy solicitation. In addition to soliciting proxies by mail, AST Phoenix Advisors, a proxy solicitation firm, will assist Mayflower in soliciting proxies for the annual meeting. Mayflower will pay \$5,500 for these services. Additionally, directors, officers and employees of Mayflower and Mayflower Co-Operative Bank may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies. Mayflower will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

### **Dissenters' Rights of Appraisal**

Section 13.02(a)(1) of the Massachusetts Business Corporation Act generally provides that shareholders of Massachusetts corporations are entitled to assert appraisal rights in the event of a merger. Exemptions set forth in Section 13.02(a)(1) and (2) of the Massachusetts Business Corporation Act provide that shareholders are not entitled to appraisal rights in transactions that result in shareholders receiving either cash or marketable securities of the surviving corporation in exchange for marketable securities held by them. Mayflower believes that this exemption applies because the merger is structured as a direct merger of Mayflower into Independent, with Mayflower shareholders entitled to either cash or marketable shares of Independent common stock for their shares of Mayflower common stock.

Section 13.20 of the Massachusetts Business Corporation Act requires Mayflower to report to shareholders its conclusion as to whether shareholders are, are not, or may be entitled to assert appraisal rights. Mayflower has concluded that shareholders are not entitled to assert appraisal rights in connection with the merger.

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If you believe that you are entitled to appraisal rights, you should do the following pursuant to Part 13 of the Massachusetts Business Corporation Act:

deliver written notice of your intent to demand payment for your shares of Mayflower common stock to Maria Vafiades, Corporate Secretary, Mayflower Bancorp, Inc., 30 South Main Street, Middleboro, MA 02346 before the vote on the approval of the merger agreement is taken;

NOT vote for the approval of the merger agreement; and

comply with other procedures as are required by Part 13 of the Massachusetts Business Corporation Act.

As long as you do not vote for the approval of the merger agreement, failure to vote against the approval of the merger agreement does not constitute a waiver of any appraisal rights that might apply. However, in order to exercise any appraisal rights you may have, you must comply with the procedures as required by Part 13 of the Massachusetts Business Corporation Act.

Part 13 of the Massachusetts Business Corporation Act requires that Mayflower deliver, within 10 days after the effective date of the merger, a written appraisal notice and forms containing certain information to all shareholders who have properly demanded appraisal rights. If appraisal rights are available in connection with the merger:

each shareholder that has properly perfected his appraisal rights will be entitled to a cash payment of the estimated fair value of the shares, plus interest but subject to any applicable withholding taxes, within 30 days of the written appraisal notice and forms due date;

a shareholder that fails to execute and return the forms, and comply with their terms, will not be entitled to payment; and

if dissatisfied with the payment or offer, shareholders may demand further payment.

The foregoing summary is not intended to be a complete statement of the procedures for exercising appraisal rights under Part 13. Any shareholder who believes he or she is entitled to appraisal rights and who wishes to preserve those rights should carefully review Sections 13.01 through 13.31 of Part 13 of the Massachusetts Business Corporation Act, attached as Annex C to this proxy statement/prospectus, which sets forth the procedures to be complied with in perfecting any such rights. In light of the complexity of Part 13 (and in particular, Section 13.02) of the Massachusetts Business Corporation Act, those shareholders who may wish to dissent from the merger and pursue appraisal rights should consult their legal advisors, as failure to strictly comply with the procedures specified in Part 13 would result in the loss of any appraisal rights to which such shareholder may be entitled. Shareholders should also consult their tax advisors with regard to the particular federal, state, local, foreign and other tax consequences to them of exercising their appraisal rights under Massachusetts law.

## **Stock Certificates**

You should not send in any certificates representing Mayflower common stock at this time. If the merger is approved, you will receive separate instructions for the exchange of your certificates representing Mayflower common stock. For more information regarding these instructions, please see the section in this document titled **The Merger Agreement Exchange of Mayflower Stock Certificate for Independent Certificates** beginning on page 60 of this document.

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**PROPOSAL NO. 1**

**APPROVAL OF THE AGREEMENT AND PLAN OF MERGER**

At Mayflower's annual meeting of shareholders, shareholders will consider and vote on a proposal to approve the agreement and plan of merger. Details about the merger, including each party's reasons for the merger, the effect of approval of the agreement and plan of merger and the timing of effectiveness of the merger, are discussed in the section entitled "The Merger" beginning on page 43 of this document.

Approval of the merger proposal requires the presence of a quorum and the affirmative vote of the holders of at least two-thirds of the outstanding shares of common stock of Mayflower entitled to vote at the meeting.

**Mayflower's board of directors unanimously recommends that Mayflower shareholders vote FOR approval and adoption of the agreement and plan of merger and the merger.**

**PROPOSAL NO. 2**

**APPROVAL OF ADJOURNMENT OF THE MAYFLOWER ANNUAL MEETING**

Mayflower is submitting a proposal for consideration at the Mayflower annual meeting to authorize the named proxies to approve one or more adjournments of the Mayflower annual meeting if there are not sufficient votes to approve the Mayflower merger agreement proposal at the time of the meeting. Even though a quorum may be present at the Mayflower annual meeting, it is possible that Mayflower may not have received sufficient votes to approve the Mayflower merger agreement proposal by the time of the meeting. In that event, Mayflower would need to adjourn the Mayflower annual meeting in order to solicit additional proxies. The adjournment proposal relates only to an adjournment of the Mayflower annual meeting for purposes of soliciting additional proxies to obtain the requisite shareholder vote to approve the Mayflower merger agreement proposal. Any other adjournment of the Mayflower annual meeting (e.g., an adjournment required because of the absence of a quorum) would be voted upon pursuant to the discretionary authority granted by the proxy. If the Mayflower annual meeting is adjourned for less than 30 days, Mayflower is not required to give notice of the time and place of the adjourned meeting if the new time and place is announced at the meeting before adjournment, unless the board of directors fixes a new record date for the Mayflower annual meeting.

The Mayflower adjournment proposal relates only to an adjournment of the Mayflower annual meeting occurring for purposes of soliciting additional proxies for approval of the Mayflower merger agreement proposal in the event that there are insufficient votes to approve that proposal. Each of the Mayflower board of directors and the presiding officer of the Mayflower annual meeting retains full authority to the extent set forth in Mayflower's bylaws and under Massachusetts law to adjourn the Mayflower annual meeting for any other purpose, or to postpone the Mayflower annual meeting before it is convened, without the consent of any Mayflower shareholders.

**PROPOSAL NO. 3**

**ADVISORY VOTE REGARDING CERTAIN EXECUTIVE COMPENSATION IN CONNECTION WITH THE MERGER**

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, and pursuant to Section 14A of the Exchange Act, Mayflower is providing its shareholders with an opportunity to cast an advisory vote to approve certain compensation payable to its named executive officers,

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Edward M. Pratt, John J. Biggio and Maria Vafiades, in connection with the proposed merger payable pursuant to arrangements entered into with Mayflower or Independent as disclosed in this proxy statement. Mayflower is asking its shareholders to adopt the following resolution at the Annual Meeting:

RESOLVED, that the shareholders of Mayflower approve, on an advisory basis, the compensation that may become payable by Mayflower to its named executive officers as disclosed pursuant to Item 402(t) of Regulation S-K in *The Merger Interests of Mayflower's Executive Officers and Directors in the Merger*.

The descriptions of the payments contained in the section entitled *The Merger Interests of Mayflower's Executive Officers and Directors in the Merger* including in the subsection entitled *Compensation of Mayflower's Named Executive Officers in Connection with the Merger* is intended to comply with Item 402(t) of Regulation S-K, which requires disclosure of information about compensation of each Mayflower named executive officer in connection with the merger and that will or may become payable to the named executive officer either by Mayflower or by Independent. Mayflower is asking its stockholders to approve, on a non-binding advisory basis, such compensation to the extent that it is payable by Mayflower.

### **Vote Required and Board of Directors Recommendation**

The vote on this proposal is a vote separate and apart from the vote to approve the merger agreement. You may vote to approve the merger agreement and vote not to approve this proposal on executive compensation in connection with the proposed merger and vice versa. Because the vote is advisory in nature only, it will not be binding on either Mayflower or Independent regardless of whether the proposed merger is completed. Accordingly, as the compensation to be paid in connection with the proposed merger is contractual with respect to the named executive officers, regardless of the outcome of this advisory vote, such compensation will be payable, subject only to the conditions applicable thereto, if the proposed merger is completed. The vote required to approve this proposal is the affirmative vote of a majority of the votes cast on the proposal. Abstentions and broker non-votes will have no effect on the outcome of voting on this proposal.

**Mayflower's Board unanimously recommends a vote FOR the advisory resolution on the compensation that may be received by Mayflower's named executive officers in connection with the proposed merger.**

### **PROPOSAL NO. 4**

#### **ELECTION OF DIRECTORS**

Mayflower's Board of Directors consists of ten members. Mayflower's Articles of Organization and Bylaws provide that directors are to be elected for terms of three years, approximately one-third of whom are to be elected annually. Four directors will be elected at the Annual Meeting, each to serve for a three-year term or until their respective successors have been elected and qualified. The Nominating Committee of the Board of Directors has nominated four individuals for election as directors to serve for three-year terms, E. Bradford Buttner, Diane A. Maddigan, Edward J. Medeiros and David R. Smith all of whom currently are members of the Board.

It is intended that the proxies solicited by the Board of Directors will be voted for the election of the above-named nominees with the terms as set forth above. If any nominee is unable to serve, the shares represented by all valid proxies will be voted for the election of such substitute as the Board of Directors may recommend or the Board may reduce the number of directors to eliminate the vacancy. At this time, the Board of Directors knows of no reason why any nominee might be unavailable to serve.

Information regarding the nominees and the directors continuing in office is provided below. Unless otherwise stated, each individual has held his or her current occupation for the last five years. The age indicated in each nominee's biography is as of March 31, 2013. There are no family relationships among the directors or

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executive officers. The indicated period for service as a director includes service as a director of Mayflower Co-Operative Bank. Based on their respective experiences, qualifications, attributes and skills set forth below, the Board of Directors has determined that each current director and nominees should serve as a director.

**Mayflower's board of directors unanimously recommends a vote FOR each of the nominees for election as directors.**

*The nominees for election to serve for a three-year term are:*

**E. Bradford Buttner** is currently employed as Senior Vice President-Investments by Moors & Cabot, Inc. From 2008 to 2012, Mr. Buttner was employed by Janney Montgomery Scott LLC as Senior Vice President-Investments. Age 66. Director since 1985.

Mr. Buttner is an experienced investment advisory professional. That knowledge and expertise, combined with his extensive knowledge of and dealings in one of Mayflower Co-Operative Bank's primary markets, serve to add additional value to the Board.

**Diane A. Maddigan** has been a partner in Maddigan Tax Service since 1981 and is an enrolled agent with the Internal Revenue Service. Age 58. Director since 1999.

Ms. Maddigan's professional experience accords the Board additional value in light of her position on Mayflower's Audit Committee. Additionally, Ms. Maddigan's extensive involvement with non-profit entities located in Mayflower Co-Operative Bank's market and her experience as a municipal assessor provide a unique range of contacts and perspective accruing to Mayflower Co-Operative Bank's advantage.

**Edward J. Medeiros** has been the owner of EJM Enterprises, a real estate development and property management company in Middleboro, Massachusetts, since 1985. Since 1972 he has been the owner of Ed's Floor Covering, a Middleboro-based commercial and residential floor covering business. He is an active member of numerous civic and nonprofit boards and entities. Age 57. Director since 2010.

Mr. Medeiros' background provides the Board of Directors with critical experience regarding various industries which Mayflower Co-Operative Bank serves. Additionally, his civic involvement and extensive knowledge of real estate matters are important to the business of Mayflower and Mayflower Co-Operative Bank.

**David R. Smith** served as President of Lawrence Ready Mixed Concrete Corp. prior to his retirement in 1983. Mr. Smith formerly served as a director of Merchants Bank and Trust Co. and Falmouth Bank and Trust Co. of Cape Cod. Age 79. Director since 1995.

Mr. Smith's prior experience in the construction industry and substantial, small company management background afford the Board valuable insight regarding the business of Mayflower Co-Operative Bank and the opportunities which are presented to it.

### *Directors Continuing in Office*

*The following directors have terms ending in 2014:*

**Richard Amicucci** is the owner of Kyco Critop LLC, a computer and software consulting firm. Prior to founding Kyco Critop LLC, Mr. Amicucci was director of consulting and sales for Sierra Atlantic from 2005-2009. Prior to that position, Mr. Amicucci was the CEO and Co-founder of Sceptre Database Consultants of Raynham, Massachusetts, a computer consulting firm with over 30 employees. Age 52.

Mr. Amicucci's substantial experience in the information technology field and as an independent business owner and director of sales in a large company setting affords substantial management expertise and insight to the Board and offers it valuable perspective on issues it faces.

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**William H. Fuller** is the founder and President of The Bartending Service of New England, LLC and the President of the Central Cafe, Inc. in Middleboro, Massachusetts. Age 47. Director since 2006.

Mr. Fuller's background provides the Board of Directors with critical experience in real estate matters, which experience is essential to the business of Mayflower and Mayflower Co-Operative Bank. Additionally, his substantial small company management experience, specifically within the region in which Mayflower conducts its business, adds additional value to the Board.

**Edward M. Pratt** has been employed with Mayflower Co-Operative Bank since 1977 and served as Vice President and Senior Loan Officer of Mayflower Co-Operative Bank from 1988 to 1994. In May 1994, he was appointed President and Chief Executive Officer, succeeding William C. MacLeod. Age 59. Director since 1994.

Mr. Pratt's extensive experience in the local banking industry, involvement in business and civic organizations in the communities which Mayflower Co-Operative Bank serves, and his involvement in industry-related organizations afford the Board valuable insight regarding the business and operation of Mayflower and Mayflower Co-Operative Bank.

### ***The following directors have terms ending in 2015:***

**Charles N. Decas** is retired. He served as Clerk Magistrate of the Falmouth District Court from 1995 to 2000. Age 75. Director since 1981.

Mr. Decas' career offers the Board of Directors substantial small company management experience and industry-specific knowledge which benefits Mayflower as a function of his tenure on Mayflower Co-Operative Bank's Security Committee. In addition, in light of his community contacts and involvement, he demonstrates a strong commitment to Mayflower's local community.

**Anthi Frangiadis**, AIA, AICP, is the founding principal of Archit8 Studio, LLC, specializing in architectural design and planning services for a wide variety of project types. Prior to founding Archit8, Ms. Frangiadis served in architect and leadership positions at various architectural firms in Massachusetts. Ms. Frangiadis has served as a member and chairman of the Wareham Planning Board, and as chairman of the Wareham Zoning By-Law Rewrite Committee. She is active in numerous non-profit committees and boards of directors. Age 39. Director since 2012.

Ms. Frangiadis' prior experience and contacts in the architectural field and her experience as an independent business owner and a highly engaged member of the community are important to Mayflower and provide important expertise, insight, and perspective to the Board.

**Geoffrey T. Stewart** is the Administrator of Newfield House, Inc., a 100 patient long-term health care facility located in Plymouth, Massachusetts. Age 62. Director since 1991.

Mr. Stewart's experience offers the Board of Directors substantial managerial and financial oversight expertise. In addition, as a function of his extensive involvement in one of Mayflower Co-Operative Bank's principal markets, he demonstrates a strong commitment to Mayflower's community and affords it valuable insight regarding its service area.

## **PROPOSAL NO. 5**

### **RATIFICATION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

The Audit Committee of the Board of Directors has appointed Marcum LLP to be Mayflower's independent registered public accounting firm for the 2014 fiscal year, subject to ratification by shareholders. A representative of Marcum LLP is expected to be present at the annual meeting to respond to appropriate questions from shareholders and will have the opportunity to make a statement should he or she desire to do so.

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On February 11, 2013, Parent, McLaughlin & Nangle, CPAs, Inc. ( PMN ), Mayflower's independent registered public accounting firm, informed Mayflower that PMN had merged into Marcum LLP ( Marcum ) and its partners and staff had joined with Marcum LLP. PMN has further informed Mayflower that as a result of this transaction, PMN would no longer have a continuing practice after February 28, 2013 and as a result, resigned as Mayflower's independent registered public accounting firm effective February 11, 2013.

PMN audited Mayflower's financial statements for the eleven month period ended March 31, 2012 and the year ended April 30, 2011. The audit reports of PMN on Mayflower's financial statements for those periods did not contain an adverse opinion, or a disclaimer of opinion, or qualification or modification as to any uncertainty, audit scope or accounting principles.

During that period, and subsequently through February 11, 2013 there were no disagreements with PMN on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure that, if not resolved to PMN's satisfaction, would have caused PMN to make reference to the subject matter of the disagreement in connection with its audit reports. There were no reportable events (as that term is described in Item 304(a)(1)(v) of Regulation S-K) since the appointment of PMN through February 11, 2013.

Effective as of February 11, 2013, Mayflower's Audit Committee engaged Marcum as its new independent registered public accounting firm to audit Mayflower's financial statements for Mayflower's fiscal year ending March 31, 2013. The Audit Committee engaged Marcum as a result of the acquisition of PMN's practice by Marcum. During the year ended April 30, 2011, the 11 months ended March 31, 2012 and subsequently through February 11, 2013, Mayflower did not consult with Marcum with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on Mayflower's consolidated financial statements, or any other matter that was either the subject of a disagreement (as described in Item 304(a)(1)(iv) of Regulation S-K), or a reportable event listed in Item 304(a)(1)(v) of Regulation S-K.

If the ratification of the appointment of the independent registered public accounting firm is not approved by a majority of the votes cast by shareholders at the annual meeting, the Audit Committee will consider other independent registered public accounting firms.

**Audit and Non-Audit Fees**

The following table presents fees for professional audit services rendered by Mayflower's independent registered public accounting firm for the audit of Mayflower Co-Operative Bank's annual consolidated financial statements for the fiscal year ended March 31, 2013, the 11-month transition period ended March 31, 2012 and the fiscal year ended April 30, 2011 and fees billed for other services rendered by Mayflower's independent registered public accounting firm during those periods. Parent, McLaughlin & Nangle, CPAs, Inc. ( PMN ) served as Mayflower's independent registered public accounting firm until February 11, 2013.

	Year Ended March 31, 2013 (4)	11 Months Ended March 31, 2012	Year Ended April 30 2011
Audit fees (1)	\$ 85,860	\$ 86,262	\$ 86,258
Audit related fees			
Tax fees (2)	13,300	12,100	12,834
All other fees (3)			838
<b>Total</b>	<b>\$ 99,160</b>	<b>\$ 98,362</b>	<b>\$ 99,092</b>

- (1) Audit fees consist of fees billed for professional services rendered for the audit of Mayflower's and Mayflower Co-Operative Bank's consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports on Form 10-Q.
- (2) Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning.

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- (3) Represents professional services rendered in connection with research regarding Mayflower's stock option plan.
- (4) Of the reported amounts for the fiscal year ended March 31, 2013, Marcum LLP, Mayflower's current independent registered public accounting firm, received no payments related to audit fees, audit-related fees, tax fees or any other fees.

**Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Auditor.** The Audit Committee is responsible for appointing, setting the compensation and overseeing the work of the independent registered public accounting firm. In accordance with its charter, the Audit Committee approves, in advance, all audit and permissible non-audit services to be performed by the independent auditor. Such approval process ensures that the external auditor does not provide any non-audit services to Mayflower that are prohibited by law or regulation.

In addition, the Audit Committee has established a policy regarding pre-approval of all audit and permissible non-audit services provided by the independent auditor. Requests for services by the independent auditor for compliance with the auditor services policy must be specific as to the particular services to be provided. The request may be made with respect to either specific services or a type of service for predictable or recurring services. During the fiscal year ended March 31, 2013, all services were approved, in advance, by the Audit Committee in compliance with these procedures.

### **REPORT OF THE AUDIT COMMITTEE**

Mayflower's management is responsible for Mayflower's internal controls and financial reporting process. Mayflower's independent registered public accounting firm (the independent accountants) are responsible for performing an independent audit of Mayflower's consolidated financial statements and issuing an opinion on the conformity of those financial statements with generally accepted accounting principles. The Audit Committee oversees Mayflower's internal controls and financial reporting process on behalf of the Board of Directors.

In this context, the Audit Committee has met and held discussions with management, the internal auditors and the independent accountants. Management represented to the Audit Committee that Mayflower's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent accountants. The Audit Committee discussed with the independent accountants matters required to be discussed by U.S. Auditing Standards No. 380 (The Auditor's Communication with those Charged with Governance), including the quality, and not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements.

In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with the independent accountants the independent registered public accounting firm's independence from Mayflower and its management. In concluding that the independent registered public accounting firm is independent, the Audit Committee considered, among other factors, whether the non-audit services provided by the independent registered public accounting firm were compatible with its independence.

The Audit Committee discussed with Mayflower's independent registered public accounting firm the overall scope and plans for their audit. The Audit Committee meets with the independent registered public accounting firm, with and without management and the internal accountants present, to discuss the results of their examination, their evaluation of Mayflower's internal controls, and the overall quality of Mayflower's financial reporting.



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In performing all of these functions, the Audit Committee acts only in an oversight capacity. In its oversight role, the Audit Committee relies on the work and assurances of Mayflower's management, which has the primary responsibility for financial statements and reports, and of the independent accountants who, in their report, express an opinion on the conformity of Mayflower's consolidated financial statements to generally accepted accounting principles. The Audit Committee's oversight does not provide it with an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or policies, or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions with management and the independent accountants do not assure that Mayflower's financial statements are presented in accordance with generally accepted accounting principles, that the audit of Mayflower's consolidated financial statements has been carried out in accordance with generally accepted auditing standards or that Mayflower's independent registered public accounting firm is in fact independent.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited consolidated financial statements be included in Mayflower's Annual Report on Form 10-K for the year ended March 31, 2013 for filing with the Securities and Exchange Commission. The Audit Committee has approved the selection of Mayflower's independent registered public accounting firm.

**Audit Committee of the Board of Directors of**

**Mayflower Bancorp, Inc.**

Geoffrey T. Stewart

Edward J. Medeiros

Diane A. Maddigan

**Mayflower's Board of Directors recommends a vote FOR the ratification of the appointment of Marcum LLP as Mayflower's independent registered public accounting firm.**

**PROPOSAL NO. 6**

**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

**Advisory Vote on Executive Compensation**

The Board of Directors of Mayflower is committed to excellence in governance. As part of that commitment, and as required by federal securities laws, the Board of Directors is providing our stockholders with an opportunity to provide a non-binding advisory vote, on the compensation of our named executive officers as disclosed in this proxy statement. As described in greater detail under the caption *Description of the Merger Interests of Certain Persons in the Merger Severance and Other Payments to Certain Persons*, three of Mayflower's named executive officers will also receive a payment from Mayflower or Independent as a result of the merger. This vote, which is often referred to as the "say-on-pay" vote, provides stockholders with the opportunity to endorse or not endorse the following resolution:

Resolved, that the compensation of the named executive officers, as described in the tabular disclosure regarding named executive officer compensation and the accompanying narrative disclosure in this proxy statement is hereby approved.

Because the vote is advisory, it will not be binding upon the Board of Directors. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

**Mayflower's Board of Directors unanimously recommends a vote FOR approval of the compensation of the named executive officers.**

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**PROPOSAL NO. 7**

**ADVISORY VOTE ON THE FREQUENCY OF A STOCKHOLDER VOTE**

**TO APPROVE EXECUTIVE COMPENSATION**

The Dodd-Frank Act requires, among other things, that SEC-reporting companies obtain a non-binding shareholder vote on the frequency of the shareholder vote on executive compensation (at least once every six years).

This proposal gives Mayflower's shareholders the opportunity to determine whether the frequency of shareholder vote on executive compensation will be every one, two or three years. Shareholders are not being asked to approve or disapprove of the Board's recommendation, but rather to indicate their own choice as among the frequency options. Shareholders may also abstain from voting on the frequency of shareholder vote on executive compensation.

The Board of Directors has considered the frequency of the advisory vote on the compensation of Mayflower's named executive officers. After considering the benefits and consequences of each option, the Board recommends submitting the advisory vote on the compensation of Mayflower's named executive officers to shareholders annually.

The Board of Directors believes an annual advisory vote on the compensation of Mayflower's named executive officers will allow the Board to obtain information on shareholders' views of the compensation of Mayflower's named executive officers on a more consistent basis. In addition, the Board believes an annual advisory vote on the compensation of Mayflower's named executive officers will provide the Board of Directors and the Compensation Committee with frequent input from shareholders on Mayflower's compensation programs for its named executive officers. Finally, the Board believes an annual advisory vote on the compensation of Mayflower's named executive officers aligns more closely with Mayflower's objective to engage in regular dialogue with its shareholders on corporate governance matters, including Mayflower's executive compensation philosophy, policies and programs.

Because your vote is advisory, it will not be binding upon the Board of Directors. However, the Compensation Committee will take into account the outcome of the vote when considering the frequency of shareholder vote on executive compensation.

**Mayflower's Board of Directors unanimously recommends a vote for the approval of a shareholder vote to approve the compensation of the named executive officers being conducted EVERY YEAR.**

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**THE MERGER**

*The discussion in this proxy statement/prospectus of the merger and the principal terms of the merger agreement are subject to, and are qualified in their entirety by reference to, the merger agreement, a copy of which is attached to this proxy statement/prospectus as Annex A and is incorporated into this proxy statement/prospectus by reference.*

**General**

The merger is structured as a 70% stock and 30% cash transaction. Under the terms and conditions set forth in the merger agreement, Mayflower will merge with and into Independent, with Independent surviving the merger. At the effective time of the merger, each share of Mayflower common stock outstanding immediately prior to the effective time will, by virtue of the merger and without any action on the part of the shareholder, be converted into the right to receive either (i) \$17.50 in cash or (2) 0.565 shares of Independent common stock. The exchange ratio may be adjusted to reflect the effect of any stock split, split-up, reverse stock split, stock dividend, reorganization, recapitalization, reclassification, or other similar change with respect to the common stock of Independent or Mayflower that occurs before the merger. Independent will not issue any fractional shares of its common stock in the merger, but will instead pay cash (determined on the basis of the volume weighted average closing price of Independent common stock on the NASDAQ Global Select Market for the five trading days ending on the fifth trading day immediately preceding the completion of the merger) for any fractional share a Mayflower shareholder would otherwise receive after aggregating all of his or her shares.

Mayflower's shareholders will be able to elect to receive cash, Independent common stock, or a combination of cash and Independent common stock for their shares of Mayflower common stock. Regardless of a Mayflower shareholder's choice, however, elections will be limited by the requirement that 70% of Mayflower common stock be converted into Independent common stock and 30% be exchanged for cash. Therefore, the allocation of cash and Independent common stock that a Mayflower shareholder will receive will depend on the elections of other Mayflower shareholders. The allocation of the consideration payable to Mayflower shareholders will not be known until the exchange agent tallies the results of the cash/stock elections made by Mayflower's shareholders. If a Mayflower shareholder does not make an election, the type of consideration such shareholder will receive will depend on the consideration elected by other Mayflower shareholders.

All outstanding unvested Mayflower stock options and unvested shares of restricted Mayflower common stock will become fully vested immediately prior to the effective time of the merger. Mayflower options will be cancelled upon consummation of the merger, and each option holder will receive a cash payment upon such cancellation in an amount equal to the product of (i) the number of shares of Mayflower common stock provided for by such option and (ii) the excess, if any, of (a) a blended per share deal value reflecting the overall 70% stock/30% cash merger consideration split, to be calculated as the sum of (1) \$5.25 (equal to 30% of the per share cash consideration of \$17.50) plus (2) 0.3955 (equal to 70% of the per share exchange ratio of 0.565) multiplied by the volume weighted average closing price of Independent common stock on the NASDAQ Global Select Market for the five trading days ending on the fifth trading day immediately preceding the closing date of the merger, over (b) the exercise price of the option. All of shares of accelerated restricted stock will be treated as outstanding Mayflower shares for all purposes under the merger agreement, including for purposes of the holders' right to receive the merger consideration.

Based on the number of shares of Mayflower common stock outstanding on May 14, 2013, it is expected that approximately 834,444 shares of Independent common stock will be issued to Mayflower shareholders in connection with the merger, which would represent approximately 3.7% of the outstanding Independent common stock (based on the number of shares of Independent common stock outstanding as of May 14, 2013).

**Background of the Merger**

Over time, the Mayflower Board of Directors has regularly discussed and reviewed Mayflower's business, performance, and prospects, and considered Mayflower's strategic options. During such a discussion in the early

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summer of 2012 Mayflower's Board considered various challenges, including ongoing stress on its subsidiary's net interest margin, the challenges associated with booking appropriate assets in the current economic environment and in the face of increased competitive pressure, and the impact and increasing levels of regulation on its subsidiary. All of these issues raised concerns about Mayflower's future profitability and ability to improve its stock valuation. In the course of these discussions, Mayflower's Board considered whether Mayflower should maintain a strategy focused on its continued independence or focus on other strategies, including the possible acquisition of smaller institutions or the sale of Mayflower.

At a regularly scheduled meeting of Mayflower's Board on Thursday, July 12, 2012, Mayflower President and Chief Executive Officer, Edward M. Pratt, was instructed to take such steps as appropriate and necessary to identify a qualified investment banking firm who could assist Mayflower's Board in the analysis of various strategic alternatives and discuss with it procedures involved should Mayflower explore strategic alternatives, including a merger. Subsequently, Mr. Pratt interviewed three investment banking firms.

At a special meeting of the Mayflower Board on August 9, 2012, the Board continued discussions regarding the possible pursuit of various strategic alternatives. Mr. Pratt reported that he had identified an investment banking firm that would serve Mayflower's interests, and the Board of Directors authorized Mr. Pratt to commence discussions and negotiations with that firm. The Board also directed Mr. Pratt to invite legal counsel to an upcoming Board meeting to advise the Board with respect to legal issues.

At a regularly scheduled, concurrent meeting of the Boards of Directors of Mayflower and Mayflower Co-operative Bank on Thursday, September 13, 2012, legal counsel explained the Board's fiduciary duties and responsibilities in the context of a change in control or other business combination transaction. At that meeting, the Board was informed of the required quiet period prohibiting Mayflower insiders from trading in Mayflower stock.

At a regularly scheduled meeting of the Mayflower Board on October 11, 2012, the Board continued to discuss various strategic alternatives and the possible continuance of an independent strategy. As a part of those discussions, representatives of the investment banking firm recommended by Mr. Pratt were present and discussed the operating environment faced by Mayflower and similarly situated bank holding companies, the strategic alternatives available, and the present bank merger and acquisition environment. Among other matters, the Board discussed and took note of the pricing metrics of recently announced transactions involving other banks in New England and, based on this data, generally discussed the potential range of value that Mayflower's shareholders might potentially realize in a business combination transaction.

At a special meeting of the Mayflower Board on October 25, 2012, the Board continued to discuss the circumstances of Mayflower and the various strategic alternatives available to it. As a function of those discussions, the Board voted to instruct Mr. Pratt to negotiate an engagement letter with the investment banking firm to authorize that firm and its representatives to conduct a process designed to quantify, via appropriate means, pricing and consideration available from duly qualified potential acquirers to purchase Mayflower and its subsidiary Mayflower Co-operative Bank. At this meeting, the Board instituted a formal "blackout period" to last for as long as Mayflower continued to engage in nonpublic discussions regarding its evaluation of strategic alternatives.

On December 6, 2012, Mayflower formally engaged the investment banking firm as its financial advisor and that firm began preparing a confidential information memorandum for distribution to parties who might be expected to have an interest in considering a possible transaction with Mayflower.

On February 1, 2013 Mayflower terminated its engagement with the previously engaged investment banking firm in order to continue its relationship with certain representatives of that firm who had accepted employment at Sterne, Agee and Leach, Inc. ( "Sterne Agee" ).

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On February 14, 2013, Mayflower's Board held a regular meeting and formally engaged Sterne Agee as its financial advisor. The Board was then provided with a list of 27 financial institutions identified in consultation with management as candidates likely to have an interest in engaging in a potential business combination with Mayflower. The Board also received and considered a presentation from Sterne Agee regarding the process proposed to be undertaken and a timetable for soliciting indications of interest from potential acquirers, a corporate overview of the 27 financial institutions identified, an overview of the current merger and acquisition environment for community banks, both nationwide and in New England, and the pricing metrics for recently announced whole-bank non-assisted transactions.

Following discussion and deliberation, it was the consensus of the Board that it would be in the best interests of Mayflower, its stockholders, and other constituencies to solicit indications of interest from potentially interested parties to engage in a business combination with Mayflower. Sterne Agee was authorized to contact the identified interested parties and to seek to obtain signed confidentiality agreements from them. Sterne Agee contacted Independent on February 19, 2013. Independent and 24 other financial institutions executed confidentiality agreements with Sterne Agee. Independent executed the confidentiality agreement requested by Sterne Agee on February 20, 2013. Interested parties, including Independent, were instructed to submit their preliminary indications of interest by March 11, 2013. Access to an on-line data room providing information about Mayflower was provided to the interested parties which had signed confidentiality agreements during the period from February 20, 2013 to March 11, 2013.

On March 11, 2013, Independent sent a preliminary written indication of interest for the acquisition of Mayflower to Sterne Agee. In its letter, Independent proposed an all-stock transaction at an indicated price of \$17.00 per share based on a fixed exchange ratio to be established at the time a definitive agreement was signed, with outstanding Mayflower options to be cashed out at a price equal to the difference between \$17.00 per share and the applicable exercise price per share. Independent also indicated a willingness to discuss a mix of stock and cash consideration if Mayflower wished to explore alternatives to a transaction involving 100% stock.

On March 14, 2013, the Mayflower Board held a regularly scheduled meeting that was also attended by representatives from Sterne Agee and legal counsel. The Board reviewed and discussed the five preliminary indications of interest that had been received, one from Independent as described above, and four from other interested parties. One party ( Company A ) proposed an all cash transaction within a range of \$16.50 to \$17.50 per share. Company B proposed an all cash transaction at \$15.00 per share. Company C proposed an all cash transaction within a range of \$12.50 and \$12.75 per share. Company D proposed an all cash transaction at \$12.25 per share. Based on the proposed pricing terms, the Board determined to pursue the indications of interest submitted by Independent and by Company A, authorizing both companies to perform due diligence on Mayflower so that they might submit final indications of interest by April 5, 2013.

On March 21, 2013 the Independent Board held a regularly scheduled meeting, during which the March 11, 2013 preliminary written indication of interest delivered to Mayflower and the status of discussions with Mayflower about a potential transaction were reviewed.

On March 23, 2013, Company A conducted an on-site due diligence review of Mayflower. Independent conducted a similar review on the evenings of March 26, 2013 and March 27, 2013.

On April 5, 2013, Sterne Agee received revised written indications of interest from Independent and Company A. In its final indication of interest, Independent proposed an all stock consideration at an indicated price of \$18.00 per share based on a fixed exchange ratio to be established at the time a definitive agreement was signed, with outstanding Mayflower options to be cashed out at a price equal to the difference between \$18.00 per share and the applicable exercise price per share. Company A proposed an all cash transaction at \$17.00 per share.

On April 11, 2013, Mayflower's Board held a regularly scheduled meeting which was also attended by representatives from Sterne Agee and legal counsel. The Board reviewed and discussed the final indications of

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interest that had been received from Independent and Company A. Following discussion and deliberation, which included a discussion of asking Independent to include a stock collar to offer a degree of price protection against possible future fluctuations in Independent's stock price, the Board of Directors determined to negotiate exclusively with Independent the terms of a definitive merger agreement based on the terms outlined in the final indication of interest and authorized management to conduct a due diligence review of Independent.

On April 12, 2013, Sterne Agee contacted Keefe, Bruyette & Woods, Inc ( KBW ), Independent's financial advisor, and expressed Mayflower's desire for a stock collar in the transaction. Discussions regarding a stock collar continued through April 17, 2013. Independent declined to introduce a stock collar into the transaction, but agreed to a modified consideration structure in which 30% of the consideration would be in cash at \$17.50 per share and 70% of the consideration would be in stock at a fixed exchange ratio of 0.565 shares to reduce exposure to volatility in Independent's stock price. Sterne Agee also contacted Company A to determine if it was willing to increase its offer.

On April 19, 2013, a special Committee of the Mayflower Board, appointed and authorized by the full Board at its April 11, 2013 meeting to act in its stead, held a special meeting. Representatives of Sterne Agee and legal counsel participated telephonically. Sterne Agee updated the Committee on the modified terms of the Independent proposal. Sterne Agee also reported that Company A had decided not to further pursue a business combination. Following discussion of the Independent proposal, the Committee approved the execution of an exclusivity agreement with Independent through May 10, 2013. The exclusivity agreement which, in addition to other customary terms and conditions, provided that Independent and Mayflower would work together in good faith to negotiate a definitive agreement for a transaction with a consideration structure in which 30% of the consideration would be in cash at \$17.50 per share and 70% of the consideration would be in stock at a fixed exchange ratio of 0.565 shares, was executed by both Mayflower and Independent on April 19, 2013. In connection with the execution of this exclusivity agreement, Sterne Agee indicated to KBW that Mayflower would prefer a cash out formula for the Mayflower options that would result in a cash out price, net of applicable exercise price, approximating the blended per share deal value of the overall 70% stock/30% cash merger consideration split.

On April 25, 2013 the Independent Board held a regularly scheduled meeting, during which the April 5, 2013 final indication of interest delivered to Mayflower, a consideration structure in which 30% of the consideration would be in cash at \$17.50 per share and 70% of the consideration would be in stock at a fixed exchange ratio of 0.565 shares, and the status of Independent's due diligence investigation and discussions with Mayflower about a potential transaction, were discussed.

Effective as of April 26, 2013 Independent and Mayflower entered into a confidentiality agreement to protect any information which Independent would provide to Mayflower in response to due diligence requests. On or about April 26, 2013, Independent granted Mayflower access to a secure on-line electronic data room which contained due diligence information about Independent. Mayflower conducted an on-site due diligence review of Independent on April 29, 2013, during which Mayflower representatives met with Independent management to discuss Independent's business, results of operations, and business prospects.

On May 7, 2013, Mayflower and Independent extended the exclusivity agreement through May 16, 2013.

From May 6, 2013 until May 13, 2013, Mayflower and Independent negotiated the terms of the merger agreement and the ancillary documents appearing as exhibits to the merger agreement and Mayflower and Independent continued their due diligence investigations of each other, which included a detailed review by Independent's representatives of residential loans purchased by Mayflower and related obligations. During the course of the merger agreement negotiations, Independent and Mayflower agreed to use a blended per share deal value reflecting the overall 70% stock/30% cash merger consideration split, less the applicable exercise price, for cashing out the Mayflower stock options. Under the formula ultimately agreed, the holder of each stock option would receive a cash payment equal to the product of (i) the number of shares of Mayflower common stock

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provided for by such option and (ii) the excess, if any, of (a) the sum of (1) \$5.25 (equal to 30% of the per share cash consideration of \$17.50) plus (2) 0.3955 (equal to 70% of the per share exchange ratio of 0.565) multiplied by the volume weighted average closing price of Independent common stock on the NASDAQ Global Select Market for the five trading days ending on the fifth trading day immediately preceding the closing, over (b) the exercise price of the option.

During the afternoon of May 13, 2013, Mayflower's Board held a special meeting to consider the definitive merger agreement and ancillary documents, which was also attended by representatives of Sterne Agee and legal counsel. Sterne Agee reviewed in detail with the Board the financial aspects of the proposed transaction and expressed its intent to deliver its opinion that the merger consideration as proposed was fair to Mayflower's shareholders from a financial point of view. The Board considered this opinion carefully, as well as Sterne Agee's experience, qualifications, and interest in the proposed transaction, namely that Sterne Agee's compensation was contingent upon the closing of the proposed transaction, as is customary. In addition, legal counsel reviewed in detail with the Board the definitive merger agreement and all related documents, copies of which were delivered to each director before the meeting. Following extensive review and discussion, the Board adjourned the meeting until the afternoon of May 14, 2013.

During the afternoon of May 14, 2013, Independent's board of directors held a special meeting to consider the definitive merger agreement and ancillary documents, at which representatives of KBW and of Independent's outside legal counsel were also present. KBW reviewed in detail with Independent's Board the financial aspects of the proposed transaction and delivered its opinion that the proposed transaction was fair to Independent from a financial point of view. The Independent Board considered this opinion carefully, as well as KBW's experience, qualifications, and interest in the proposed transaction which, as is customary, conditioned certain payments to KBW upon closing of the proposed transaction. In addition, Independent's general counsel reviewed in detail with the Board the definitive merger agreement and related documents, copies of which were provided to each director before the meeting. Following extensive review and discussion, Independent's Board unanimously approved the merger agreement and authorized and directed management to execute and deliver the merger agreement and ancillary documents.

The Mayflower Board reconvened its special meeting during the afternoon of May 14, 2013. During the reconvened meeting, Sterne Agee reconfirmed its analysis of the transaction from the day before and delivered its opinion, dated May 14, 2013, that the merger consideration was fair to Mayflower's shareholders from a financial point of view. Following further review and discussion, the Mayflower Board unanimously approved the merger agreement and authorized and directed management to execute and deliver the merger agreement and ancillary documents, subject to confirmation that Independent's Board had also adopted the merger agreement and authorized the execution and delivery of the merger agreement and ancillary documents.

After the close of the trading markets on May 14, 2013, Mayflower and Independent issued a joint press release announcing the approval, adoption, and execution of the merger agreement.

### **Recommendation of Mayflower's Board of Directors**

Mayflower's board of directors has unanimously approved the merger agreement and unanimously recommends that Mayflower's shareholders vote FOR the approval of the merger agreement and the merger.

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### **Mayflower's Reasons for the Merger**

In approving the merger agreement, Mayflower's board of directors consulted with Sterne, Agee & Leach, Inc. regarding the financial aspects and the fairness of the transaction from a financial point-of-view and with Mayflower's legal counsel as to the board of directors' fiduciary duties and the terms of the merger agreement. In arriving at its decision to approve the merger agreement, the board of directors also considered a number of factors, including:

The value of the cash consideration offered by Independent is commensurate with the prices paid in recent comparable transactions and, at \$17.50 per share, represented a 64% premium over the closing market price of Mayflower's common stock on May 13, 2013, the last trading day before the date of the merger agreement.

Mayflower stockholders will have the opportunity to elect to receive Independent common stock in exchange for their shares of Mayflower common stock, enabling them to participate in any growth opportunities of the combined company.

Independent currently pays an annual cash dividend of \$0.88 per share (or an implied annual dividend of approximately \$0.50 per share based on the exchange ratio of 0.565 Independent shares for each Mayflower share), compared to Mayflower's current annual cash dividend of \$0.24 per share.

The results that Mayflower could expect to obtain by continuing to operate independently and the likely benefits of continued independent operation to Mayflower's shareholders, compared to the value of the merger consideration offered by Independent.

The perceived risks to shareholder value presented by continued independent operations, including risks relating to the inherent uncertainties about future growth, performance, and economic conditions.

Information concerning the business, earnings, operations, financial condition and prospects of Mayflower and Independent, both individually and as a combined company, and the likelihood of the transaction receiving the requisite regulatory approvals in a timely manner and without imposition of burdensome conditions.

Independent's proven track record of successfully completing acquisition transactions and integrating the operations of the acquired companies.

The opinion rendered by Sterne, Agee & Leach, Inc., as of May 14, 2013, that the merger consideration is fair, from a financial point-of-view, to Mayflower's stockholders.

The terms of the merger agreement and the structure of the merger, including that the merger is intended to qualify as a transaction of a type that is generally tax-free for U.S. federal income tax purposes.

The interests of certain executive officers and directors of Mayflower, which are different from, or in addition to, the interests of Mayflower's shareholders generally.



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The effect of the merger on Mayflower Co-operative Bank's depositors, customers, and the communities served by Mayflower Co-operative Bank, as well as its effect on Mayflower Co-operative Bank's employees. Mayflower deems the merger with Independent to be an opportunity to provide depositors, customers, and the communities served by Mayflower Co-operative Bank with increased financial services and increased access to those services through more branch offices. Mayflower also considered the opportunities for career advancement in a larger organization that would be available to Mayflower employees who continue employment with the combined company after the merger and the severance benefits provided for in the merger agreement for any Mayflower employees who do not continue employment with the combined company.

Mayflower's board of directors also considered potential risks associated with the merger in connection with its decision to approve the merger agreement, including that other parties that might be interested in proposing a transaction with Mayflower could be discouraged from doing so given the terms of the merger agreement.

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generally prohibiting Mayflower from soliciting, engaging in discussions or providing information regarding an alternative transaction, requiring Mayflower to pay a termination fee to Independent under certain circumstances, and requiring Mayflower's directors to execute agreements requiring them to vote in favor of the merger with Independent, all of which Independent required in order that it agree to enter into the merger agreement.

The foregoing discussion of the information and factors considered by Mayflower's board of directors is not exhaustive, but includes the material factors that the board of directors considered and discussed in approving and recommending the merger. In view of the wide variety of factors considered and discussed by Mayflower's board of directors in connection with its evaluation of the merger and the complexity of these factors, the board of directors did not quantify, rank or assign any relative or specific weight to the foregoing factors, rather it considered all of the factors as a whole. The board of directors discussed the foregoing factors, including asking questions of Mayflower's management and legal and financial advisors, and reached general consensus that the merger was in the best interests of Mayflower and its shareholders. In considering the foregoing factors, individual directors may have assigned different weights to different factors. The board of directors did not undertake to make any specific determination as to whether any factor, or particular aspect of any factor, supported or did not support its ultimate decision to approve the merger agreement and the merger. The foregoing explanation of the reasoning of Mayflower's board of directors and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the cautionary statements set forth in *Forward-Looking Statements* on page 22.

### **Opinion of Mayflower's Financial Adviser**

On February 14, 2013 Mayflower engaged Sterne Agee to render financial advisory and investment banking services to Mayflower. Sterne Agee agreed to assist Mayflower in assessing the fairness, from a financial point of view, of the merger with Independent to the stockholders of Mayflower. Mayflower selected Sterne Agee because Sterne Agee is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with Mayflower and its business. As part of its investment banking business, Sterne Agee is continually engaged in the valuation of financial services companies and their securities in connection with mergers and acquisitions. Other than with respect to the proposed Merger, Sterne Agee has had no relationship with Mayflower in the past two years.

As part of its engagement, representatives of Sterne Agee attended the meeting of the Mayflower board of directors held on May 13, 2013, at which the Mayflower board of directors evaluated the proposed merger with Independent. At this meeting, Sterne Agee reviewed the financial aspects of the proposed merger and rendered an opinion that, as of such date, the consideration offered to Mayflower stockholders in the merger was fair from a financial point of view. Following extensive review and discussion, the Board of Directors adjourned the meeting until the afternoon of May 14, 2013. The Board of Directors of Mayflower Bancorp reconvened its special meeting during the afternoon of May 14, 2013. During the reconvened meeting, Sterne Agee reconfirmed its analysis of the transaction from the day before and delivered its opinion, dated May 14, 2013, that the merger consideration was fair to Mayflower's shareholders from a financial point of view. The Mayflower board of directors approved the merger agreement at this meeting.

The full text of Sterne Agee's written opinion is attached as Appendix B to this document and is incorporated herein by reference. Mayflower stockholders are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Sterne Agee. The description of the opinion set forth herein is qualified in its entirety by reference to the full text of such opinion.

**Sterne Agee's opinion speaks only as of the date of the opinion. The opinion is directed to the Mayflower board of directors and addresses only the fairness, from a financial point of view, of the consideration offered to the Mayflower stockholders. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any Mayflower shareholder as to how the shareholder should vote at the Mayflower special meeting on the merger or any related matter.**

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In rendering its opinion, Sterne Agee:

reviewed, among other things,

the merger agreement;

Annual Reports to Stockholders and Annual Reports on Form 10-K for the prior three years of Mayflower and Independent;

certain interim reports to stockholders and Quarterly Reports on Form 10-Q of Mayflower and Independent and certain other communications from Mayflower and Independent to their respective stockholders; and

other financial information concerning the businesses and operations of Mayflower and Independent furnished to Sterne Agee by Mayflower and Independent for purposes of Sterne Agee's analysis, including Mayflower's Management Projections

held discussions with members of senior management of Mayflower and Independent regarding:

past and current business operations;

regulatory relations;

financial condition; and

future prospects of their respective companies;

reviewed the financial terms of certain recent business combinations in the banking industry; and

performed other studies and analyses that it considered appropriate.

In addition, Sterne Agee compared certain financial and stock market information for Mayflower and Independent with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the banking industry, and performed other studies and analyses that it considered appropriate.

Sterne Agee, in conducting its review and arriving at its opinion, relied upon the accuracy and completeness of all of the financial and other information provided to it or otherwise publicly available. Sterne Agee did not independently verify the accuracy or completeness of any such information or assume any responsibility for such verification or accuracy. Sterne Agee relied upon the management of Mayflower and Independent as to the reasonableness and achievability of the financial and operating forecasts and projections (and the assumptions and bases therefore) provided to Sterne Agee. Sterne Agee assumed that such forecasts and projections reflect the best currently available estimates and judgments of such managements and that such forecasts and projections will be realized in the amounts and in the time periods currently estimated by such managements. Sterne Agee assumed, without independent verification, that the aggregate allowance for loan and lease losses for Mayflower and Independent are adequate to cover those losses. Sterne Agee did not make or obtain any evaluation or appraisal of the property of Mayflower or Independent, nor did it examine any individual credit files.

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The projections furnished to Sterne Agee and used by it in certain of its analyses were prepared by Mayflower's and Independent's senior management teams. Mayflower and Independent do not publicly disclose internal management projections of the type provided to Sterne Agee in connection with its review of the merger. As a result, such projections were not prepared with a view towards public disclosure. The projections were based on numerous variables and assumptions, which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections.

For purposes of rendering its opinion, Sterne Agee assumed that, in all respects material to its analyses:

the merger will be completed substantially in accordance with the terms set forth in the merger agreement with no additional payments or adjustments to the merger consideration;

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the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct;

each party to the merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the merger will be satisfied without any waiver; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, will be imposed that will have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the merger, including the cost savings and related expenses expected to result from the merger.

Sterne Agee further assumed that the merger will be accounted for as a purchase transaction under generally accepted accounting principles, and that the merger will qualify as a tax-free reorganization for United States federal income tax purposes. Sterne Agee's opinion is not an expression of an opinion as to the prices at which shares of Mayflower common stock or shares of Independent common stock will trade following the announcement of the merger or the actual value of the shares of common stock of the combined company when issued pursuant to the merger, or the price at which the shares of common stock of the combined company will trade following the completion of the merger.

In performing its analyses, Sterne Agee made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of Sterne Agee, Mayflower, and Independent. Any estimates contained in the analyses performed by Sterne Agee are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the Sterne Agee opinion was among several factors taken into consideration by the Mayflower board of directors in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the Mayflower board of directors with respect to the fairness of the consideration.

The following is a summary of the material analyses presented by Sterne Agee to the Mayflower board of directors on May 13, 2013 and reconfirmed at the meeting of the Mayflower board of directors on May 14, 2013, in connection with its fairness opinion. The summary is not a complete description of the analyses underlying the Sterne Agee opinion or the presentation made by Sterne Agee to the Mayflower board of directors, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. In arriving at its opinion, Sterne Agee did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. Accordingly, Sterne Agee believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion.

*Summary of Proposal.* Pursuant to the terms of the Agreement, upon the Merger, the shares of Mayflower common stock, par value \$0.01, 70% of the Mayflower shares shall be converted into the right to receive 0.565 shares of Independent common stock, par value \$0.01, and 30% of the Mayflower shares shall be

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converted into an amount of cash equal to \$17.50. Based on Independent's closing price on May 10, 2013 of \$32.06, the consideration was equivalent to a price of \$17.93 per share to Mayflower's shareholders.

*Comparable Transaction Analysis.* Sterne Agee reviewed publicly available information related to selected acquisitions of banks and bank holding companies as well as thrifts and thrift holding companies with headquarters in the New England and Mid-Atlantic regions announced after December 31, 2009, where deal value was available and the buyer was a bank or bank holding company or a thrift or thrift holding company, the seller had assets between \$100 million and \$600 million, last twelve months return on average assets greater than 0.25% and nonperforming assets to assets less than 3.0%. Sterne Agee's basis for selecting these parameters was to compare the Merger to transactions involving companies in the same geographic region and with similar asset size and financial condition to Mayflower. The transactions included in the group were:

<b>Acquiror</b>	<b>Acquiree</b>
Bryn Mawr Bank Corporation	MidCoast Community Bancorp, Inc.
SI Financial Group, Inc.	Newport Bancorp, Inc.
Lakeland Bancorp, Inc.	Somerset Hills Bancorp
F.N.B. Corporation	Annapolis Bancorp, Inc.
New Hampshire Thrift Bancshares, Inc.	Nashua Bank
Penns Woods Bancorp, Inc.	Luzerne National Bank Corporation
S&T Bancorp, Inc.	Gateway Bank of Pennsylvania
Commerce Bancshares Corp.	Mercantile Capital Corp.
Provident New York Bancorp	Gotham Bank of New York
NBT Bancorp Inc.	Hampshire First Bank
Ocean Shore Holding Co.	CBHC Financialcorp, Inc.
Norwood Financial Corp.	North Penn Bancorp, Inc.
Chemung Financial Corporation	Fort Orange Financial Corp.
Berkshire Hills Bancorp, Inc.	Rome Bancorp, Inc.

Transaction multiples for the merger were derived from an offer price of \$17.93 per share for Mayflower, based on Independent's May 10, 2013 closing price of \$32.06. For each precedent transaction, Sterne Agee derived and compared, among other things, the implied ratio of price per common share paid for the acquired company to:

tangible book value per share of the acquired company based on the latest public financial statements of the company available prior to the announcement of the acquisition;

tangible equity premium to core deposits (total deposits less time deposits greater than \$100,000) based on the financial statements of the company available prior to the announcement of the acquisition; and

the last twelve months earnings per share based on the financial statements of the company available prior to the announcement of the acquisition

The results of the analysis are set forth in the following table:

<b>Transaction Price to:</b>	<b>Independent/ Mayflower Merger</b>	<b>Comparable Transactions Minimum</b>	<b>Comparable Transactions Maximum</b>
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Tangible Book Value	163%	115%	194%
Core Deposit Premium	7.2%	1.6%	10.2%
LTM Earnings Per Share	25.4x	16.3x	26.3x
Market Premium	74.9%	6.5%	77.9%

No company or transaction used as a comparison in the above analysis is identical to Mayflower, Independent, or the merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

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*Financial Impact Analysis.* Sterne Agee performed pro forma merger analyses that combined projected income statement and balance sheet information of Mayflower and Independent. In its analysis, Sterne Agee assumed that the merger would be accounted for under the purchase method, that fair value adjustments would be \$1.1 million, on a net basis, that a core deposit intangible of \$2.4 million would be created and amortized over a 10 year period and that cost savings would amount to 50% of Mayflower's estimated stand-alone expenses. Based on First Call median estimates, Sterne Agee assumed that Independent's stand-alone per share net income would be \$2.44 in 2014, and that, based on management estimates, Mayflower's stand-alone per share net income for calendar year 2014 would be \$0.70. This analysis indicated that the merger is expected to be accretive to Independent's estimated earnings per share in 2014, with such estimated earnings per share accretion amounting to \$0.05. The analysis also indicated that the merger is expected to be dilutive to tangible book value per share for Independent by 2.1% and that Independent would maintain well capitalized capital ratios. For all of the above analyses, the actual results achieved by Independent following the merger will vary from the projected results, and the variations may be material.

*Discounted Cash Flow Analysis.* Sterne Agee performed a discounted cash flow analysis to estimate a range of the present values of after-tax cash flows that Mayflower could provide to equity holders through Mayflower's Fiscal Year 2018 on a stand-alone basis. In performing this analysis, Sterne Agee used Mayflower's Management Projections of \$0.63 and \$0.72 for fiscal year 2014 and 2015 and with respect to fiscal years 2016-2018 applied a growth rate 10.0% provided by Mayflower management. The analysis assumed discount rates ranging from 9.0% to 14.0%. To determine the range of discount rates to utilize, Sterne Agee used the capital asset pricing model implied cost of capital (CAPM) as a focal point. The CAPM includes an expected market risk premium (as provided by Ibbotson Associates, a nationally recognized provider of this data) of 6.7%, which is then multiplied by Mayflower's adjusted beta of 0.55, resulting in an equity risk premium of 3.7%. The CAPM formula then adds a micro-cap size premium (in excess of CAPM) of 6.0% (provided by Ibbotson Associates) and the risk free rate of the 20 year treasury of 2.4% to result in a CAPM Implied Cost of Equity Capital of 12.1%. The range of values was determined by adding (1) the present value of projected cash flows to Mayflower's stockholders from fiscal year 2014 to 2018 and (2) the present value of the terminal value of Mayflower's common stock. In determining cash flows available to stockholders, Sterne Agee assumed that Mayflower would maintain a tangible common equity/tangible asset ratio of 8.00% and would retain sufficient earnings to maintain that level. Any earnings in excess of what would need to be retained represented dividendable cash flows for Mayflower. In calculating the terminal value of Mayflower, Sterne Agee applied multiples ranging from 10.0 times to 14.0 times fiscal year 2018 forecasted earnings. This range of multiples was determined using historical industry accepted values. This resulted in a range of values of Mayflower from \$8.40 to \$12.45 per share.

Sterne Agee stated that the discounted cash flow present value analysis is a widely used valuation methodology but noted that it relies on numerous assumptions, including asset and earnings growth rates, terminal values and discount rates. The analysis did not purport to be indicative of the actual values or expected values of Mayflower.

*Other Analyses.* Sterne Agee reviewed the relative financial performance of Mayflower and Independent to a variety of relevant industry peer groups. Sterne Agee also reviewed earnings estimates, balance sheet composition and other financial data for Mayflower and Independent.

The Mayflower board of directors has retained Sterne Agee as an independent contractor to act as financial adviser to Mayflower regarding the merger. As part of its investment banking business, Sterne Agee is continually engaged in the valuation of banking businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. As specialists in the securities of banking companies, Sterne Agee has experience in, and knowledge of, the valuation of banking enterprises.

*Sterne Agee's Compensation and Other Relationships with Mayflower.* Mayflower and Sterne Agee have entered into an agreement relating to the services to be provided by Sterne Agee in connection with the merger.



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Mayflower has paid Sterne Agee a cash fee of \$50,000 concurrently with the rendering of the Fairness Opinion relating to the Transaction. Additionally, Mayflower has agreed to pay to Sterne Agee at the time of closing of the Transaction a cash fee ( Contingent Fee ) equal to 1.20% of the aggregate consideration offered in exchange for the outstanding shares of common stock of Mayflower in the Transaction. The fees paid prior to the Contingent Fee payment and an additional \$25,000 will be credited against the Contingent Fee. Pursuant to the Sterne Agee engagement agreement, Mayflower also agreed to reimburse Sterne Agee for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify against certain liabilities, including liabilities under the federal securities laws. Prior to the engagement for services in connection with the merger, Sterne Agee had not provided services to Mayflower.

### **Approval of Independent s Board of Directors and Reasons for the Merger**

Independent s Board determined that the merger agreement and the merger are advisable and in the best interests of Independent and its shareholders and unanimously approved the merger agreement.

The Independent Board of directors unanimously approved the merger agreement and the merger because it determined that the merger should strengthen Independent s existing franchise and increase long term shareholder value because Mayflower is, like Rockland Trust, a bank that is deeply committed to its customers, employees, and the communities that it serves. The merger should help Independent further strengthen its position in the attractive Plymouth County area where Mayflower is located. The transaction is financially attractive to Independent and its shareholders because it allows Independent to add Mayflower s loan and deposit base to that of Independent, providing additional liquidity to Independent, allowing Independent to achieve economies of scale, all while simultaneously providing Independent with the opportunity to maintain and deepen relationships with Mayflower s customers by offering Independent s deeper set of products. The Independent board of directors believes that the combined company should have the potential to realize a stronger competitive position and improved long-term operating and financial results, including revenue and earning enhancements, efficiencies, and cost-savings opportunities. In addition, Independent s financial advisor, KBW, reviewed in detail the financial aspects of the proposed transaction and delivered its opinion that the proposed transaction was fair to Independent from a financial point of view.

After taking into account these and other factors, the Independent Board determined that the merger agreement and the merger were in the best interests of Independent and its shareholders and that Independent should enter into the merger agreement and complete the merger. Independent s Board evaluated the factors described above, including asking questions of Independent s management, general counsel, and Independent s legal and financial advisers, and reached the unanimous decision that the merger was in the best interests of Independent and its shareholders, its employees, its customers, and the communities served by Independent. This discussion of the factors considered by Independent s Board is not exhaustive, but is intended to describe the material factors considered. Independent s Board considered these factors as a whole, and overall considered them to be favorable to, and to support, its determination. Independent s Board did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. In considering the factors described above, individual members of Independent s Board may have given different weights to different factors. Independent s Board of directors considered these factors as a whole, and overall considered them to be favorable to, and to support, its determination.

### **Regulatory Approvals Required to Complete the Merger**

The merger is subject to the condition that all consents and approvals of any governmental authority required to consummate the merger and the other transactions contemplated by the merger agreement shall have been obtained and remain in full force and effect and all statutory waiting periods in respect thereof shall have expired or been terminated. The merger also is subject to the condition that none of such regulatory approvals shall impose, as reasonably determined by Independent, a Burdensome Condition, which is defined in the merger agreement to mean any prohibition, limitation or other requirement that would prohibit or materially limit

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the ownership or operation by Mayflower or any of its subsidiaries, or by Independent or any of its subsidiaries, of all or any material portion of the business or assets of Mayflower or any of its subsidiaries or Independent or its subsidiaries, or compel Independent or any of its subsidiaries to dispose of or hold separate all or any material portion of the business or assets of Mayflower or any of its subsidiaries or Independent or any of its subsidiaries.

The consents and approvals of governmental authorities that Independent and Mayflower believe are required to consummate the merger are as follows:

the approval of the Board of Bank Incorporation of the Commonwealth of Massachusetts to merge Mayflower with and into Independent, with Independent surviving the merger;

confirmation from the Massachusetts Housing Partnership Fund (the Housing Partnership Fund ) that Independent has made arrangements satisfactory to the Housing Partnership Fund; and

the approval of the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956.

The consents and approvals of governmental authorities that Independent and Mayflower believe are required to consummate the merger of Mayflower Co-Operative Bank with Rockland Trust (which are not conditions to consummation of the merger) are as follows:

the FDIC's approval of the merger of Mayflower Co-Operative Bank with and into Rockland Trust, with Rockland Trust surviving the merger; and

the approval of the Massachusetts Commissioner of Banks to merge Mayflower Co-Operative Bank with and into Rockland Trust, with Rockland Trust surviving the merger.

The parties have filed all applications and notice materials necessary to obtain these regulatory approvals or confirmations. The merger cannot be completed until the first three approvals and confirmations listed above have been obtained, are in full force and effect and all statutory waiting periods in respect thereof have expired, and the merger between Rockland Trust and Mayflower Co-Operative Bank (the bank merger ) cannot be completed until after the last two approvals listed above have been obtained. The merger may not be consummated until 30 days after the approval of the Federal Reserve Board (or such shorter period as the Federal Reserve Board may prescribe with the concurrence of the United States Department of Justice, but not less than 15 days), during which time the Department of Justice may challenge the merger on antitrust grounds. The bank merger (the completion of which is not a condition to the merger) may not be consummated until 30 days after the approval of the FDIC (or such shorter period as the FDIC may prescribe with the concurrence of the United States Department of Justice, but not less than 15 days), during which time the Department of Justice may challenge the bank merger on antitrust grounds. The commencement of an antitrust action by the Department of Justice would stay the effectiveness of the Federal Reserve Board or FDIC approval, as the case may be, unless a court specifically orders otherwise. In reviewing the merger and the bank merger, the Department of Justice could analyze the merger's effect on competition differently than the Federal Reserve Board and the FDIC, and it is possible that the Department of Justice could reach a different conclusion than the applicable banking regulator regarding the merger's (or the bank merger's) competitive effects.

Independent and Mayflower cannot assure you that all required regulatory approvals or confirmations will be obtained, when they will be obtained or whether there will be conditions in the approvals or any litigation challenging the approvals. Independent and Mayflower also cannot assure you that the United States Department of Justice or the Attorney General of the Commonwealth of Massachusetts will not attempt to challenge the merger on antitrust grounds, or what the outcome will be if such a challenge is made. Independent and Mayflower are not aware of any other government approvals or actions that are required prior to the parties' consummation of the merger. It is currently contemplated that if any such additional governmental approvals or actions are required, such approvals or actions will be sought. There can be no assurance, however, that any such additional approvals or actions will be obtained.

**Table of Contents****Interests of Mayflower's Executive Officers and Directors in the Merger**

Mayflower's executive officers and directors have interests in the merger that may be different from, or in addition to, the interests of other Mayflower's shareholders generally. The Mayflower board of directors was aware of these interests and considered them, among other matters, when it approved the merger agreement.

*Equity Plans*

All outstanding unvested Mayflower stock options and restricted shares of Mayflower common stock will become fully vested immediately prior to the effective time of the merger. Mayflower options will be cancelled upon consummation of the merger, and each option holder will receive a cash payment upon such cancellation in an amount equal to the product of (i) the number of shares of Mayflower common stock provided for by such option and (ii) the excess, if any, of (a) a blended per share deal value reflecting the overall 70% stock/30% cash merger consideration split, to be calculated as the sum of (1) \$5.25 (equal to 30% of the per share cash consideration of \$17.50) plus (2) 0.3955 (equal to 70% of the per share exchange ratio of 0.565) multiplied by the volume weighted average closing price of Independent common stock on the NASDAQ Global Select Market for the five trading days ending on the fifth trading day immediately preceding the closing date of the merger, over (b) the exercise price of the option. Holders of restricted shares of Mayflower common stock that are vested in connection with the merger will be entitled to receive the same forms of consideration as other holders of Mayflower common stock.

The following table sets forth, as of June 30, 2013, the total number of options held by the named executive officers of Mayflower, the executive officers of Mayflower as a group and all non-employee directors of Mayflower as a group, as well as the value of cash payments to be received upon cancellation of such options. In addition, the following table reflects the number of unvested shares of restricted stock held by the named executive officers of Mayflower, the executive officers of Mayflower as a group and all non-employee directors of Mayflower as a group which will vest as a result of the merger, as well as the value of the merger consideration to be received in exchange for such shares.

Name	Number of Options	Payment at Completion of Merger when Options are Cancelled (Before Deduction of Withholding Taxes) (1)	Number of Currently Unvested Shares of Restricted Stock	Value at Completion of Merger of Currently Unvested Shares of Restricted Stock (Before Deduction of Withholding Taxes) (1)
Edward M. Pratt	8,090	\$ 57,397	2,297	\$ 41,897
John J. Biggio	4,315	\$ 25,194	672	\$ 12,257
Maria Vafiades	4,150	\$ 23,714	601	\$ 10,962
Executive Officers as a Group	3,715	\$ 19,787	400	\$ 7,296
Non-Employee Directors as a Group	18,500	\$ 126,905		
<b>TOTAL</b>	<b>38,770</b>	<b>\$ 252,997</b>	<b>3,970</b>	<b>\$ 72,412</b>

- (1) Total consideration per unit in excess of exercise price, if applicable. Consideration is computed by multiplying the number of units times \$18.24 (\$5.25 for cash consideration plus \$12.99 for the stock consideration).

Cash Consideration	\$ 5.25	
Stock Consideration	32.848	Independent Stock Price for 5 days after announcement date
	0.3955	Conversion

\$ 12.99



**Table of Contents***Settlement Agreements*

Independent has agreed to honor Mayflower's pre-existing employment agreements with Edward M. Pratt, Mayflower's President and Chief Executive Officer, Maria Vafiades, Mayflower's Chief Financial Officer, John J. Biggio, Mayflower's Vice President and Senior Lending Officer and Stergios Kostas, Mayflower's Vice President, Retail Banking. In connection with the merger agreement, Independent and Mayflower have entered into settlement agreements (that include waiver and release provisions) with these officers for the purpose of setting forth, and avoiding any future disagreement with respect to, the severance payments that the executive officers are entitled to receive under their agreements with Mayflower. Pursuant to the settlement agreements, the pre-existing agreements will terminate at the closing of the merger (other than the survival of certain specified provisions) and the officers will look solely to the terms of the settlement agreements to determine their rights to receive severance and other payments and benefits related to the termination of their employment.

Under these settlement agreements, in settlement of certain portions of their existing employment agreements and salary continuation agreements or severance agreements with Mayflower, as applicable, lump sum cash payments will be made at closing to these executives, of no more than \$727,368 for Mr. Pratt (subject to reduction), \$291,059 for Ms. Vafiades, \$327,315 for Mr. Biggio and \$261,081 for Mr. Kostas, subject to adjustment if the merger closes after 2014. The amounts for Mr. Biggio and Ms. Vafiades would be increased by the respective percentage increase in Mr. Biggio's and Ms. Vafiades' base salary, if any, not to exceed 4%, if the closing of the merger occurs after the annual renewal date of the applicable employment agreements. The settlement agreements further provide that the payments will be reduced, if necessary, to ensure that no portion of the amounts payable would be subject to excise tax under Section 4999 of the Internal Revenue Code or would be non-deductible to the payor by reason of Section 280G of the Internal Revenue Code, although it is not expected that any such reductions will be necessary.

*Compensation of Mayflower's Named Executive Officers in Connection with the Merger*

The following table reflects the compensation and benefits that will or may be paid or provided to each of Mayflower's named executive officers in connection with the merger as described above. Please note that the amounts indicated below are estimates based on multiple assumptions that may or may not actually occur, including assumptions described in this proxy statement/prospectus. Some of these assumptions are based on information currently available and, as a result, the actual amounts, if any, to be received by a named executive officer may differ in material respects from the amounts set forth below. Further, calculations are based on (i) an assumed closing date as of June 30, 2013, including with respect to calculating the portion of equity awards subject to acceleration of vesting (assuming continued vesting of the equity and assuming that all Mayflower options, unvested shares of restricted stock remain outstanding on such date), (ii) the equity holdings of the named executive officers as of June 30, 2013 (assuming no vesting of awards or exercises of Mayflower options after June 30, 2013), and (iii) the termination of the named executive officers without cause or for good reason immediately following a change in control as of June 30, 2013.

**Compensation of Mayflower's Named Executive Officers in Connection with the Merger**

Name	Cash (\$)	Equity (1) (\$)	Pension/ NQDC	Perquisites/ Benefits (\$)	Other (\$)	Total (\$)
			(2) (\$)			
Edward M. Pratt	697,733	99,294				797,027
John J. Biggio	327,315	37,451	17,328			382,094
Maria Vafiades	291,059	34,676	18,886			344,621

(1) Amounts shown include \$57,397, \$25,194 and \$23,714 payable to Messrs. Pratt and Biggio and Ms. Vafiades, respectively, upon the cancellation of stock options and \$41,897, \$12,257 and \$10,962 payable to Messrs. Pratt and Biggio and Ms. Vafiades, respectively, upon the cancellation of unvested stock awards. Such amounts were calculated based on an assumed 30% cash and 70% stock consideration using the 5 day average trading price of Independent Bank Corp for the five days after announcement of the Merger.

(2) Amounts shown include the incremental benefit payable upon change in control.

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*Indemnification and Insurance*

The merger agreement provides that following the merger Independent will indemnify and hold harmless the present and former officers and directors of Mayflower and its subsidiaries against costs or expenses, judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the merger, whether asserted or claimed prior to, at or after the effective date of the merger, to the extent such indemnified party would have been indemnified, as a director or officer of Mayflower or any of its subsidiaries under Mayflower's bylaws. Independent will also continue to cover those persons under a directors' and officers' liability insurance policy for a period of six years following the effective date of the merger arising out of actions or omissions occurring at or prior to the merger, except that Independent is not required to expend more than 200% per year of the current amount expended by Mayflower to maintain such insurance.

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### **THE MERGER AGREEMENT**

The following summary describes certain aspects of the merger, including material provisions of the merger agreement. This summary is not complete and is qualified in its entirety by reference to the merger agreement, a copy of which is attached as Annex A to this document and is incorporated into this document by reference. You should read the merger agreement in its entirety, as it is the legal document governing the merger.

#### **The Merger**

Each of Mayflower's board of directors and Independent's board of directors has unanimously adopted and approved the merger agreement, which provides for the merger of Mayflower with and into Independent. Each share of Independent common stock issued and outstanding at the effective time of the merger will remain issued and outstanding as one share of common stock of Independent, and each share of Mayflower common stock issued and outstanding at the effective time of the merger will be converted into the right to receive either (i) 0.565 shares of Independent common stock or (ii) \$17.50 in cash. See "Consideration To Be Received in the Merger" below.

#### **Effective Time and Completion of the Merger**

The merger will be completed and will become effective upon the acceptance for filing by the Secretary of the Commonwealth of Massachusetts of the articles of merger related to the merger. However, the parties may agree to a later time for completion of the merger and specify that later time in the articles of merger in accordance with Massachusetts law.

We currently expect that the merger will be completed in the fourth quarter of 2013, subject to Mayflower's shareholders' approval of the merger agreement and the transactions it contemplates, the receipt of all necessary regulatory approvals and the expiration of all regulatory waiting periods. However, completion of the merger could be delayed if there is a delay in obtaining the required shareholder or regulatory approvals or in satisfying any other conditions to the merger. There can be no assurances as to whether, or when, Mayflower and Independent will obtain the required approvals or complete the merger.

#### **Consideration to Be Received in the Merger**

In the merger, each outstanding share of Mayflower common stock will be converted into the right to receive either (i) 0.565 shares of Independent common stock or (ii) \$17.50 in cash. Independent will not issue any fractional shares of its common stock in the merger, but will instead pay cash (determined on the basis of the volume weighted average closing price of Independent common stock on the NASDAQ Global Select Market for the five trading days ending on the fifth trading day immediately preceding the completion of the merger) for any fractional share a Mayflower shareholder would otherwise receive after aggregating all of his or her shares.

Mayflower's shareholders will be able to elect to receive cash, Independent common stock or a combination of cash and Independent common stock for their shares of Mayflower common stock. Regardless of a Mayflower shareholder's choice, however, elections will be limited by the requirement that 70% of Mayflower common stock be converted into Independent common stock and 30% be exchanged for cash. Therefore, the allocation of cash and Independent common stock that a Mayflower shareholder will receive will depend on the elections of other Mayflower shareholders. The allocation of the consideration payable to Mayflower shareholders will not be known until the exchange agent tallies the results of the cash/stock elections made by Mayflower's shareholders. If a Mayflower shareholder does not make an election, the type of consideration such shareholder will receive will depend on the consideration elected by other Mayflower shareholders.

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### **Exchange of Mayflower Stock Certificates for Independent Stock Certificates**

On or before the closing date of the merger, Independent will cause to be delivered to the exchange agent certificates representing the shares of Independent common stock to be issued in the merger. In addition, Independent will deliver to the exchange agent an aggregate amount of cash sufficient to pay the aggregate cash consideration payable in the merger, as well as cash payable in lieu of fractional shares of Independent common stock. Independent has selected Computershare Limited to act as the exchange agent in connection with the merger.

If the merger is approved, Mayflower's shareholders will receive separate instructions for the exchange of certificates representing Mayflower common stock. No later than five business days following the effective time of the merger, the exchange agent will mail to each Mayflower shareholder of record at the effective time of the merger who did not previously surrender Mayflower stock certificates, a letter of transmittal and instructions for use in surrendering the shareholder's Mayflower stock certificates. When such Mayflower shareholders deliver their Mayflower stock certificates to the exchange agent along with a properly completed and duly executed letter of transmittal and any other required documents, their Mayflower stock certificates will be cancelled and in exchange they will receive:

a check representing the amount of cash, if any, they are entitled to receive under the merger agreement as payment of merger consideration;

an Independent stock certificate representing the number of whole shares of Independent common stock that they are entitled to receive under the merger agreement; and

a check representing the amount of cash that they are entitled to receive in lieu of fractional shares, if any.

No interest will be paid or accrued on any cash constituting merger consideration.

Mayflower's shareholders are not entitled to receive any dividends or other distributions on Independent common stock with a record date after the closing date of the merger until they have surrendered their Mayflower stock certificates in exchange for an Independent stock certificate. After the surrender of their Mayflower stock certificates, Mayflower shareholders of record will be entitled to receive any dividend or other distribution, without interest, which had become payable with respect to their Independent common stock.

Independent will only issue a stock certificate for Independent common stock or a check for cash in payment of merger consideration or in lieu of a fractional share in a name other than the name in which a surrendered Mayflower stock certificate is registered if the exchange agent is presented with all documents required to show and effect the unrecorded transfer of ownership, together with evidence that any applicable stock transfer taxes have been paid.

### **Stock Options and Restricted Stock**

#### *Stock Options*

All outstanding unvested Mayflower stock options will become fully vested immediately prior to the effective time of the merger. Mayflower options will be cancelled upon consummation of the merger, and each option holder will receive a cash payment upon such cancellation in an amount equal to the product of (i) the number of shares of Mayflower common stock provided for by such option and (ii) the excess, if any, of (a) a blended per share deal value reflecting the overall 70% stock/30% cash merger consideration split, to be calculated as the sum of (1) \$5.25 (equal to 30% of the per share cash consideration of \$17.50) plus (2) 0.3955 (equal to 70% of the per share exchange ratio of 0.565) multiplied by the volume weighted average closing price of Independent common stock on the NASDAQ Global Select Market for the five trading days ending on the fifth trading day immediately preceding the closing date of the merger, over (b) the exercise price of the option.



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The cash payment will be made without interest and will be net of all applicable withholding taxes. As of May 14, 2013, there were outstanding options to purchase 45,740 shares of Mayflower common stock.

### *Restricted Stock*

All outstanding unvested shares of Mayflower restricted stock will become fully vested immediately prior to the effective time of the merger. All of such shares will be treated as outstanding Mayflower shares for all purposes under the merger agreement, including for purposes of the holders' right to receive the merger consideration, subject to applicable withholding. As of May 14, 2013, there were 5,301 shares of unvested Mayflower restricted stock outstanding.

### **Representations and Warranties**

The merger agreement contains customary representations and warranties of Independent and Mayflower relating to their respective businesses. With the exception of certain representations that must be true and correct in all material respects or true and correct except to a de minimis extent, no representation or warranty will be deemed untrue or incorrect as a consequence of the existence or absence of any fact, circumstance or event unless that fact, circumstance or event, individually or when taken together with all other facts, circumstances or events, has had or is reasonably likely to have a material adverse effect on Mayflower making the representation or its ability to timely complete the merger and the bank merger. In determining whether a material adverse effect has occurred or is reasonably likely, the parties will disregard any effects resulting from (1) changes in banking and similar laws of general applicability or interpretations thereof, (2) changes in generally accepted accounting principles or regulatory accounting requirements applicable to banks or bank holding companies generally, (3) any modifications or changes to Mayflower's valuation policies and practices in connection with the merger or restructuring charges taken in connection with the merger, in each case in accordance with generally accepted accounting principles and with Independent's prior written consent, (4) changes after the date of the merger agreement in general economic or capital market conditions affecting financial institutions or their market prices generally and not disproportionately affecting Mayflower or Independent, including, but not limited to, changes in levels of interest rates generally, (5) the effects of compliance with the merger agreement on the operating performance of Mayflower or Independent, including the expenses incurred by Mayflower or Independent in negotiating, documenting, effecting and consummating the merger, (6) the effects of any action or omission taken by Mayflower with the prior consent of Independent, and vice versa, or as otherwise expressly permitted or contemplated by the merger agreement, (7) the impact of the merger agreement and the transactions contemplated by the merger agreement on relationships with customers or employees (including the loss of personnel subsequent to the date of the merger agreement), and (8) the public disclosure of the merger agreement or the transactions contemplated by the merger agreement.

The representations and warranties of each of Independent and Mayflower have been made solely for the benefit of the other party and such representations and warranties should not be relied on by any other person. In addition, such representations and warranties:

have been qualified by information set forth in confidential disclosure schedules exchanged by the parties in connection with signing the merger agreement which modifies, qualifies and creates exceptions to the representations and warranties in the merger agreement;

will not survive consummation of the merger and cannot be the basis for any claims under the merger agreement by the other party after termination of the merger agreement;

may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties to the merger agreement if those statements turn out to be inaccurate;

are subject to the materiality standard described in the merger agreement which may differ from what may be viewed as material by you; and

were made only as of the date of the merger agreement or such other date as is specified in the merger agreement.



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Each of Independent and Mayflower has made representations and warranties to the other regarding, among other things:

capital stock;

corporate matters, including due organization and qualification;

their authority to execute and deliver the merger agreement and the absence of conflicts with, or violations of, organizational documents or other obligations as a result of the merger;

the filing of securities and regulatory reports, and the absence of investigations by regulatory agencies;

governmental filings and regulatory approvals and consents necessary to complete the merger;

absence of certain changes or events;

compliance with applicable laws;

regulatory capitalization;

loan, non-performing and classified assets;

trust business and fiduciary accounts;

the Community Reinvestment Act and anti-money laundering requirements;

accuracy of this proxy statement/prospectus;

legal proceedings;

broker's fees payable in connection with the merger;

employee benefit matters;

labor matters;

tax matters; and

the accuracy of information supplied for inclusion in this document and other similar documents.

In addition, Mayflower has made other representations and warranties about itself and its subsidiaries to Independent as to:

organization and ownership of subsidiaries;

matters relating to certain material contracts;

investment securities;

derivative transactions;

investment management;

repurchase agreements;

deposit insurance;

transactions with affiliates and insiders;

tangible properties and assets;

intellectual property;

environmental matters;

insurance;

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the inapplicability of state anti-takeover laws;

the receipt of a fairness opinion; and

transaction costs.

**Conduct of Business Pending the Merger**

Mayflower has undertaken customary covenants that place restrictions on it and its subsidiaries until the effective time of the merger. In general, Mayflower has agreed that during this period it will, and will cause each of its subsidiaries to: (1) conduct its business in the ordinary course consistent with past practice; and (2) use commercially reasonable efforts to maintain and preserve intact its business organization and advantageous business relationships, including retaining the services of key officers and key employees and the goodwill of customers and other parties. Mayflower further has agreed that, with certain exceptions, Mayflower will not, and will not permit any of its subsidiaries to, among other things, undertake the following actions without the prior written consent of Independent:

issue, or enter into an agreement to issue, shares of common stock except pursuant to the exercise of Mayflower stock options outstanding as of the date of the merger agreement, accelerate the vesting of any rights to acquire shares of common stock, or change the number of, or provide for the exchange of, shares of Mayflower stock, any securities convertible into or exchangeable for any additional shares of stock, any rights issued and outstanding prior to the effective date of the merger as a result of a stock split, stock dividend, recapitalization, reclassification, or similar transaction with respect to its outstanding stock or any other such securities;

declare, set aside or pay any dividends or other distributions on any shares of its capital stock, other than (1) dividends paid by any of the wholly owned subsidiaries of Mayflower to Mayflower or to any of its wholly owned subsidiaries, and (2) regular quarterly cash dividends at a rate not to exceed \$0.06 per share;

enter into or amend or renew any employment, consulting, severance or similar agreements or arrangements with any director, officer, employee of Mayflower or any of its subsidiaries, or grant any salary or wage increase or increase any employee benefit plan or pay any incentive or bonus payments, subject to certain exceptions primarily intended to permit increases in compensation and the payment of bonuses in the ordinary course of business;

hire any person except for at-will employees at an annual rate of salary not to exceed \$50,000 to fill vacancies that may arise from time to time in the ordinary course of business, or promote any employee, except fill vacancies that may arise in the ordinary course of business or to satisfy contractual obligations existing as of the date of the merger agreement;

with certain exceptions, enter into, establish, adopt, amend, modify or terminate any benefit plan or other pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement related thereto, in respect of any current or former director, officer or employee;

except pursuant to agreements in effect as of the date of the merger agreement, pay, loan or advance any amount to, or sell, transfer or lease any properties or assets to, or enter into any agreement with, any of its officers or directors or any of their immediate family members or any affiliates or associates of any of its officers or directors other than compensation or business expense reimbursement in the ordinary course of business consistent with past practice;

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except for real estate owned in the ordinary course of business consistent with past practice and for loan sales to Federal National Mortgage Association in the ordinary course of business consistent with past practice and Mayflower Co-Operative Bank's agreement with Federal National Mortgage

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Association, sell, transfer, mortgage, pledge, encumber or otherwise dispose or discontinue any of its assets, deposits, business or properties other than real estate owned, or cancel or release any indebtedness owed to Mayflower or any of its subsidiaries;

acquire, other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, all or any portion of the assets, business, deposits or properties of any other entity;

with certain exceptions, make any capital expenditures other than in the ordinary course of business consistent with past practice in amounts not exceeding \$50,000 in the aggregate unless consented to in writing by Independent;

amend its articles of organization or bylaws or any equivalent documents of any Mayflower subsidiary;

implement or adopt any change in its accounting principles, practices or methods, other than as may be required by applicable laws or regulations or generally accepted accounting principles in the United States of America;

with certain exceptions, enter into, amend, modify or terminate any material contract, lease, or insurance policy;

enter into any settlement or similar agreement with respect to any action, suit, proceeding, order or investigation to which Mayflower or any of its subsidiaries becomes party after the date of the merger agreement, which settlement involves payment of an amount exceeding \$25,000 individually or \$50,000 in the aggregate and/or would impose any material restriction on the business of Mayflower or its subsidiaries;

enter into any new material line of business or materially change its lending, investment, underwriting, risk and asset liability management and other banking and operative policies, except as required by applicable law, regulation or policies imposed by any governmental authority, or file any application or make any contract or commitment with respect to branching or site location or relocation;

enter into any derivatives transactions;

incur, modify, extend or renegotiate any indebtedness or in any way assume the indebtedness of another person (except deposits, FHLB borrowings or federal funds purchased, in each case in the ordinary course of business) or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person;

with certain exceptions, acquire, sell or otherwise dispose of any debt security or equity investment unless consented to in writing by Independent;

make any changes in deposit pricing that are not in the ordinary course of business consistent with recent past practice;

with respect to loans:

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except for loans approved and/or committed as of the date of the merger agreement, make or renew any loan, loan commitment, letter of credit or other extension of credit, unless any such loan, loan commitment, letter of credit or other extension of credit has been credit approved by Mayflower Co-Operative Bank in the ordinary course of business in accordance with the current pricing and credit underwriting guidelines of Mayflower Co-Operative Bank and consistent with recent past practice and, if more than \$1,000,000, has been consented to in writing by Independent;

renegotiate, increase, extend or modify any loan, loan commitment, letter of credit or other extension of credit, unless in the ordinary course of business in accordance with the current pricing and credit underwriting guidelines of Mayflower Co-Operative Bank and consistent with recent past practice and, if more than \$1,000,000, has been consented to in writing by Independent; and



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purchase any loans, unless such purchase has been consented to in writing by Independent.

make any investment or commitment to invest in real estate or in any real estate development project other than by way of foreclosure or deed in lieu thereof;

make or change any material tax election, file any material amended tax return, enter into any material closing agreement, settle or compromise any material liability with respect to taxes, agree to any material adjustment of any tax attribute, file any claim for a material refund of taxes, or consent to any extension or waiver of the limitation period applicable to any material tax claim or assessment;

commit any act or omission which constitutes a material breach or default of an agreement with any governmental authority or any other material agreement, lease or license;

foreclose on or take a deed or title to any real estate other than single-family residential properties without first conducting a Phase I environmental assessment of the property or foreclose on or take a deed or title to any real estate other than single-family residential properties if such environmental assessment indicates the presence of hazardous substances or other regulated materials;

except as may be required by applicable law or regulation, take or fail to take, or adopt any resolutions of its board of directors in support of, any action which would result in (1) any of Mayflower's representations and warranties in the merger agreement becoming untrue in any material respect, (2) any of the conditions to the merger not being satisfied, or (3) a material violation of any provision of the merger agreement;

repurchase, redeem or otherwise acquire any shares of its capital stock or any securities convertible into or exercisable for any shares of its capital stock;

enter into any contract with respect to, or otherwise agree to do any of the actions prohibited by the preceding bullet points;

with certain exceptions or except as may be required by applicable law or regulation, make application for the opening, relocation or closing of any, or open, relocate, or close any, branch office, loan production or servicing facility or automated banking facility; or

compromise, resolve, or otherwise workout any delinquent or troubled loan unless done in the ordinary course of business consistent with recent past practice and approved by Mayflower Co-Operative Bank's Security Committee.

Independent has agreed that, except with Mayflower's prior written consent, Independent will not, among other things, undertake the following actions:

except as may be required by applicable law or regulation, take any action or fail to take any action that is intended or reasonably likely to result in: a delay in the consummation of the merger or the transactions contemplated by the merger agreement; any impediment to its ability to consummate the merger or the transactions contemplated by the merger agreement; any of its representations and warranties contained in the merger agreement becoming untrue in any material respect at or prior to the effective time; any of the conditions contained in the merger agreement not being satisfied; or a material violation of any provision of the merger agreement; or

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enter into any contract with respect to, or otherwise agree to do any of the actions prohibited by the preceding bullet point. The merger agreement also contains mutual covenants relating to preparation of this document, access to information of the other company, public announcements with respect to the transactions contemplated by the merger agreement, regulatory filings and consents, notification of certain changes, information systems conversion, coordination of dividends and agreements by Mayflower allowing Independent access to Mayflower's customers and suppliers and to conduct environmental assessments of certain real property owned by Mayflower.

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**Shareholder Approval**

Mayflower has called the annual meeting to consider and vote upon approval of the merger agreement and any other matters required to be approved by Mayflower's shareholders in order to permit consummation of the transactions contemplated by the merger agreement, as well as to vote upon a proposal to approve one or more adjournments of the annual meeting if necessary to permit further solicitation of proxies in favor of the Mayflower merger agreement proposal, a non-binding advisory resolution approving certain compensation payable to the named executive officers of Mayflower in connection with the merger the election of four directors, the ratification of the appointment of independent auditors for the fiscal year ending March 31, 2014, a non-binding resolution to approve the compensation of the named executive officers and the frequency of the advisory vote on the compensation of the named executive officers. Mayflower has agreed to use commercially reasonable efforts to convene the meeting within 45 days following the time when the registration statement becomes effective. Mayflower has agreed to take all lawful action to solicit shareholder approval of the merger agreement, although under certain circumstances Mayflower's board of directors may recommend to Mayflower's shareholders a Superior Proposal (as defined below) in the exercise of its fiduciary duties, as described below under No Solicitation of Alternative Transactions.

Under the merger agreement, Mayflower's board of directors must, at all times prior to and during the annual meeting, recommend approval of the merger agreement by Mayflower's shareholders and may not withhold, withdraw, amend or modify its recommendation in any manner adverse to Independent or take any other action or make any other public statement inconsistent with its recommendation, except as and to the extent described below under No Solicitation of Alternative Transactions.

**No Solicitation of Alternative Transactions**

With certain exceptions described below, Mayflower has agreed that it, its subsidiaries and their officers and directors will not, and Mayflower will use its reasonable best efforts to cause each of its and its subsidiaries' representatives not to, directly or indirectly:

solicit, initiate or encourage any inquiry with respect to, or the making of, any proposal that constitutes or could reasonably be expected to lead to an Acquisition Proposal (as defined below);

participate in any negotiations regarding an Acquisition Proposal with, or furnish any nonpublic information relating to an Acquisition Proposal to, any party that has made or, to the knowledge of Mayflower, is considering making an Acquisition Proposal; or

engage in discussions regarding an Acquisition Proposal with any party that has made, or, to Mayflower's knowledge, is considering making, an Acquisition Proposal.

However, prior to the time that Mayflower's shareholders approve the merger agreement and the transactions it contemplates, if Mayflower receives a written and unsolicited Acquisition Proposal that Mayflower's board determines in good faith (after consultation with its financial advisers and legal counsel) is or could reasonably be expected to lead to a Superior Proposal (as defined below), Mayflower may take the following actions:

furnish nonpublic information to the party making such Superior Proposal, but only if (1) prior to so furnishing such information, Mayflower has entered into a customary confidentiality agreement with such party on terms no less favorable to Mayflower than the confidentiality agreement between Mayflower and Independent, and (2) all such information has previously been provided to Independent or is provided to Independent prior to or contemporaneously with the time it is provided to the party making such Superior Proposal; and

engage or participate in any discussions or negotiations with such party with respect to the Superior Proposal.

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Mayflower must promptly advise Independent of the receipt of:

any proposal that constitutes or could reasonably be expected to lead to an Acquisition Proposal and the material terms of the proposal; and

any request for non-public information relating to Mayflower or any of its subsidiaries other than requests for information not reasonably expected to be related to an Acquisition Proposal.

Thereafter, Mayflower must keep Independent reasonably informed on a reasonably current basis of the status of any such Acquisition Proposal (including any material change to the terms thereof).

Except as described below, Mayflower's board of directors may not:

withhold, withdraw, or modify (or publicly propose to withhold, withdraw or modify), in a manner adverse to Independent, its recommendation that Mayflower's shareholders approve the merger agreement and the transactions it contemplates; or

approve or recommend (or publicly propose to approve or recommend ) any Acquisition Proposal.

Except as set forth below, Mayflower may not, and its board of directors may not allow it to, and Mayflower may not allow any of its subsidiaries to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other agreement (except for customary confidentiality agreements as described above) relating to any Acquisition Proposal.

Notwithstanding the previous paragraphs, Mayflower's board of directors may, prior to the time Mayflower's shareholders approve the merger agreement and the transactions it contemplates, (1) change its recommendation that Mayflower shareholders approve the merger agreement and the transactions it contemplates or (2) terminate the merger agreement (and concurrently with such termination cause Mayflower to enter into an acquisition agreement with respect to the Superior Proposal), in either case if and only if the board of directors has determined in good faith, after consulting with its legal counsel, that the failure to take such action would be inconsistent with the directors' fiduciary duties. However, the board of directors may not take any such action in connection with an Acquisition Proposal unless:

the Acquisition Proposal constitutes a Superior Proposal;

prior to terminating the merger agreement, Mayflower provides written notice to Independent at least four business days in advance of its intention to take such action (which notice must specify all material terms and conditions of the Superior Proposal, including documentation related thereto and the identity of the party making the Superior Proposal);

during the four-day notice period, Mayflower negotiates with Independent in good faith if Independent proposes to make adjustments in the terms and conditions of this merger agreement so that the Acquisition Proposal ceases to constitute a Superior Proposal; and

the Acquisition Proposal continues to constitute a Superior Proposal after taking into account any amendments that Independent agrees to make to the merger agreement.

As used in the merger agreement, the term "Acquisition Proposal" means any proposal or offer with respect to any of the following involving Mayflower:

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any merger, consolidation, share exchange, business combination or other similar transaction;

any sale, lease, exchange, mortgage, pledge, transfer or other disposition of assets that constitute 20% or more of the assets of Mayflower in a single transaction or series of transactions;

any tender offer or exchange offer for 20% or more of the outstanding shares of Mayflower's capital stock or the filing of a registration statement under the Securities Act, in connection therewith; or

any public announcement by any party of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing.

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As used in the merger agreement, the term *Superior Proposal* means any bona fide written Acquisition Proposal with respect to more than 50% of the combined voting power of the shares of Mayflower common stock then outstanding or all or substantially all of the assets of Mayflower:

that is on terms which Mayflower's board of directors determines in good faith, after consultation with its financial advisor, to be more favorable from a financial point of view to Mayflower's shareholders than the transactions contemplated by the merger agreement;

that constitutes a transaction that, in the good faith judgment of Mayflower's board of directors, is reasonably likely to be consummated on the terms set forth, taking into account all legal, financial, regulatory and other aspects of such proposal; and

for which financing, to the extent required, is then committed pursuant to a written commitment letter.

## **Employee Benefits Matters**

### *Benefit Plans*

The merger agreement provides that following the effective date of the merger, Independent will provide those individuals who are employees of Mayflower and its subsidiaries and who continue as employees of Independent or any of its subsidiaries with employee benefit plans of general applicability for which Independent has analogous plans with such employee plans being either those of Mayflower or Independent as selected by Independent; provided, however, that all such employees will be entitled to participate in all benefit plans of general applicability then maintained by Independent to the same extent as similarly-situated employees of Independent. Independent will make all commercially reasonable efforts to cause each benefit plan providing medical or dental benefits to continuing employees to waive any preexisting condition limitations relating to any conditions that were covered under the applicable medical or dental plans of Mayflower and its subsidiaries, take into account all eligible expenses incurred for purposes of satisfying the deductible and coinsurance and waive any waiting period limitation or evidence of insurability requirement which would otherwise be applicable to the continuing employee.

### *Severance Pay Plan*

In addition to the settlement agreements referenced elsewhere in this proxy statement/prospectus and individual severance arrangements offered to certain key employees, Independent has agreed to a severance pay plan that provides for severance benefits for eligible employees not covered by any contractual severance arrangement in connection with certain terminations of employment that occur within one year after the effective date of the merger. Under this severance pay plan, eligible employees whose employment is terminated without cause during the one year following the merger would be entitled to receive severance pay in a lump sum as well as outplacement assistance. The amount of the lump sum severance payment would be equal to two weeks' salary per year of service up to a maximum of twenty-six (26) weeks.

## **Conditions to Complete the Merger**

Our respective obligations to complete the merger are subject to the fulfillment or waiver (except for the condition set forth in the third bullet below, which may not be waived in any circumstance) of mutual conditions, including:

receipt of approval of the merger agreement by Mayflower's shareholders;

the effectiveness of the registration statement of which this document is a part, with respect to the Independent common stock to be issued in the merger under the Securities Act, and the absence of any stop order or proceedings initiated or threatened by the Securities and Exchange Commission for that purpose;

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the receipt by each party of a legal opinion from its counsel with respect to certain U.S. federal income tax consequences of the merger;

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the receipt and effectiveness of all regulatory approvals, registrations and consents, (none of which shall impose a term, condition or restriction that independent reasonably determines to be a burdensome condition) and the expiration of all waiting periods required to complete the merger;

the absence of any statute, regulation, rule, decree, injunction or other order in effect by any court or other governmental entity that prohibits completion of the transactions contemplated by the merger agreement; and

the approval of the shares of Independent common stock issuable pursuant to the Merger for listing on the Nasdaq Global Market, subject to official notice of issuance.

Each of Mayflower's and Independent's obligations to complete the merger is also separately subject to the satisfaction or waiver of a number of conditions, including the performance by the other party in all material respects of its obligations under the merger agreement, and the other party's representations and warranties in the merger agreement being true and correct in all material respects (except that no representation or warranty will be deemed not to be true and correct unless the failure of such representation or warranty to be true and correct, together with all other failures, would have a material adverse effect on the party).

Independent's obligation to complete the merger is further subject to the conditions that the number of outstanding shares of Mayflower common stock shall not exceed 2,064,106, except to the extent increased as a result of the exercise of stock options outstanding on the date of the merger agreement.

We cannot provide assurance as to when or if all of the conditions to the merger can or will be satisfied or waived by the appropriate party. As of the date of this document, we have no reason to believe that any of these conditions will not be satisfied.

## **Termination of the Merger Agreement**

### *General*

The merger agreement may be terminated at any time prior to the completion of the merger by our mutual consent authorized by each of our boards of directors, as determined by a vote of a majority of its respective members, or by either Independent or Mayflower if:

a governmental entity which must grant a regulatory approval as a condition to the merger denies approval of the merger or any governmental entity has issued an order prohibiting the merger and such action has become final and non-appealable;

the requisite shareholder approval is not obtained from Mayflower's shareholders;

the merger is not completed by March 31, 2014 (other than because of a material breach of the Agreement caused by the party seeking termination); or

the other party breaches the merger agreement in a way that would entitle the party seeking to terminate the agreement not to consummate the merger, subject to the right of the breaching party to cure the breach by 30 days following written notice (unless it is not possible due to the nature or timing of the breach for the breaching party to cure the breach).

The merger agreement may also be terminated by Independent if Mayflower has materially breached its non-solicitation obligations; the Mayflower board has failed to recommend in this proxy statement the approval of the merger agreement, or has withdrawn, modified or qualified, in any manner adverse to Independent, its recommendation that its shareholders approve the merger agreement; the Mayflower board has recommended, proposed or publicly announced its intention to recommend or propose, to engage in an Acquisition Transaction (as defined below under Termination Fee and Expense Reimbursement) with any person other than Independent or a subsidiary or affiliate of Independent; or the Mayflower board has failed to call the annual meeting of Mayflower shareholders.





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Additionally, Mayflower may terminate the merger agreement:

if it enters into a Superior Proposal as described under The Merger Agreement No Solicitation of Alternative Transactions, so long as it pays a termination fee of \$1.5 million to Independent; or

pursuant to a walk away right that is subject to a top up option, if (a) the ten day volume-weighted average price of Independent's common stock as of a measurement date prior to closing is more than 20% below the ten day volume-weighted average price of Independent's common stock for the trading period ending May 13, 2013, (b) the drop in the ten day volume-weighted average price of Independent's common stock between May 14, 2013 and the measurement date is more than 20% greater than any drop in the ten day volume-weighted average price of the Nasdaq Bank Stock Index during such measurement period, (c) Mayflower elects to terminate the agreement by a majority vote of Mayflower's directors, and (d) following notice of such election Independent does not exercise its top up option under the merger agreement to increase the exchange ratio to a number that would compensate Mayflower's shareholders for the extent of the drop in Independent's common stock below the lowest price per share at which the walk away right would not have been triggered. If Independent does exercise its top up option, then no termination will occur.

### *Effect of Termination*

In the event the merger agreement is terminated as described above, the merger agreement will become void and neither Independent nor Mayflower will have any liability under the merger agreement, except that:

both Independent and Mayflower will remain liable for any willful breach of the merger agreement; and

designated provisions of the merger agreement, including those relating to the termination fee, the payment of fees and expenses, non-survival of the representations and warranties, and confidential treatment of information will survive the termination.

### **Termination Fee and Expense Reimbursement**

#### *Conditions Requiring Payment of Termination Fee*

Mayflower has agreed to pay a termination fee in the amount of \$1.5 million to Independent in the following circumstances:

if Mayflower terminates the merger agreement because Mayflower's board of directors has approved, and Mayflower enters into, a definitive agreement with respect to a Superior Proposal (as defined above under No Solicitation of Alternative Transactions );

by Independent because:

Mayflower materially breaches its non-solicitation obligations;

Mayflower's board of directors fails to recommend that Mayflower shareholders approve the merger agreement and the transactions it contemplates, or the board withdraws the recommendation or modifies it in a manner adverse to Independent;

Mayflower's board of directors recommends, proposes or publicly announces its intention to recommend or propose, to engage in an Acquisition Transaction (as defined below) with any party other than Independent or a subsidiary or affiliate of

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Independent; or

Mayflower materially breaches its obligations to call, give notice of, convene and hold a meeting of Mayflower shareholders in order to approve the merger agreement and the transactions it contemplates; or

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in the event that

(1) an Acquisition Proposal, whether or not conditional, has been publicly announced (or any person has publicly announced an intention, whether or not conditional, to make an Acquisition Proposal) or (2) Mayflower's board of directors has withheld, withdrawn or modified (or publicly proposed to withhold, withdraw or modify) its recommendation for the merger, prior to or on the date of the shareholder meeting or at any adjournment or postponement thereof at which the vote on the merger agreement is held; and

the merger agreement is terminated:

by Independent or Mayflower because shareholder approval is not obtained by Mayflower's shareholders;

by Independent or Mayflower because the merger is not completed on or before March 31, 2014; or

by Independent because Mayflower willfully breaches the merger agreement in a way that would entitle Independent not to consummate the merger, subject to the right of Mayflower to cure the breach; and

within 12 months following the date of termination, Mayflower enters into a definitive agreement with respect to any Acquisition Transaction, Mayflower's board of directors recommends any Acquisition Transaction, or Mayflower consummates any Acquisition Transaction, then Mayflower must pay the termination fee to Independent. The amount paid will be offset by any amount previously paid for expense reimbursement as described below. Mayflower must pay the termination fee prior to the earlier of Mayflower entering into a definitive agreement for or consummating such Acquisition Transaction.

As used in the merger agreement, the term "Acquisition Transaction" means any of the following involving Mayflower:

any merger, consolidation, share exchange, business combination or other similar transaction;

any sale, lease, exchange, mortgage, pledge, transfer or other disposition of assets that constitute a substantial portion of the net revenues, net income or assets of Mayflower in a single transaction or series of transactions; or

any tender offer or exchange offer for 20% or more of the outstanding shares of Mayflower's capital stock or the filing of a registration statement under the Securities Act, in connection therewith.

*Conditions Requiring Expense Reimbursement*

If the merger agreement is terminated by Independent because:

Mayflower willfully breaches the merger agreement in a way that would entitle Independent not to consummate the merger, subject to the right of Mayflower to cure the breach;

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shareholder approval is not obtained by Mayflower's shareholders; or

the merger is not completed on or before March 31, 2014;  
and prior to such termination,

an Acquisition Proposal, whether or not conditional, has been publicly announced (or any person has publicly announced an intention, whether or not conditional, to make an Acquisition Proposal); or

Mayflower's board of directors has withheld, withdrawn or modified (or publicly proposed to withhold, withdraw or modify), its recommendation for the merger, prior to or on the date of the shareholder meeting or at any adjournment or postponement thereof at which the vote on the merger agreement is held

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but the \$1.5 million termination fee has not been paid and is not payable because Mayflower has not entered into a definitive agreement with respect to, or consummated any Acquisition Transaction, then Mayflower must pay as promptly as possible (but in any event within three business days) following receipt of an invoice therefor, up to \$625,000 of Independent's reasonably documented out-of-pocket fees and expenses (including reasonable legal fees and expenses) actually incurred by Independent prior to the termination of the merger agreement proximately in connection with the negotiation, execution, delivery and performance of the merger agreement by Independent.

### **Amendment of the Merger Agreement**

We may amend the merger agreement at any time prior to completion of the merger. However, after any approval of the merger by Mayflower's shareholders, there may not be, without further approval of the shareholders, any amendment of the merger agreement that requires such further approval by shareholders under applicable law.

### **Fees and Expenses**

Except as described above under Termination Fee and Expense Reimbursement, each party will bear all expenses incurred by it in connection with the merger agreement and the transactions it contemplates, including fees and expenses of its own financial consultants, accountants and legal counsel.

### **Restrictions on Resales by Affiliates**

Shares of Independent common stock to be issued to Mayflower shareholders in the merger have been registered under the Securities Act, and may be traded freely and without restriction by those shareholders not deemed to be affiliates (as that term is defined under the Securities Act) of Independent after the merger. Any subsequent transfer of shares, however, by any Mayflower shareholder who is deemed an affiliate of Independent after the merger will, under existing law, require either:

the further registration under the Securities Act of the Independent common stock to be transferred; or

the availability of another exemption from registration.

An affiliate of Independent is a person who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, Independent. These restrictions are expected to apply to the directors and executive officers of Independent and the holders of 10% or more of the outstanding Independent common stock. The same restrictions apply to the spouses and certain relatives of those persons and any trusts, estates, corporations or other entities in which those persons have a 10% or greater beneficial or equity interest.

Independent will give stop transfer instructions to the exchange agent with respect to the shares of Independent common stock to be received by persons subject to these restrictions.

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**VOTING AGREEMENTS**

Concurrently with the execution of the merger agreement, the directors of Mayflower separately entered into voting agreements with Independent under which they agreed to:

restrict their ability to transfer or dispose of their shares of Mayflower common stock;

appear at the shareholder meeting or otherwise cause their shares of Mayflower common stock to be counted as present thereat for purposes of calculating a quorum;

vote their shares of Mayflower common stock in favor of approval of the merger agreement and the transactions it contemplates;

vote their shares of Mayflower common stock against any action or agreement that would result in a breach of any covenant, representation or warranty, or other obligation or agreement, of Mayflower contained in the merger agreement;

vote their shares of Mayflower common stock against any proposal to acquire Mayflower by any person other than Independent or against any action, agreement or transaction intended to, or could reasonably be expected to, materially impede, interfere or be inconsistent with, delay, postpone, discourage or materially and adversely affect the consummation of the transactions contemplated by the merger agreement; and

not to vote or execute any written consent to rescind or amend in any manner any prior vote or written consent, as a shareholder of Mayflower, to approve the merger agreement unless the merger agreement is terminated in accordance with its terms

The voting agreements were executed as a condition of Independent's willingness to enter into the merger agreement, and as an indication of the directors' support for the merger agreement and the transactions contemplated by it and their willingness to vote their shares of Mayflower common stock in favor of the merger agreement at the shareholder meeting.

On May 14, 2013, the date upon which these agreements were executed, these directors of Mayflower had sole or shared voting power over 156,978 shares, or approximately 7.6%, of the outstanding shares of Mayflower common stock.

No separate consideration was paid to any of the directors for entering into these voting agreements. However, the directors of Mayflower may be deemed to have interests in the merger as directors that are different from or in addition to those of other Mayflower shareholders. See "The Merger Interests of Mayflower's Executive Officers and Directors in the Merger" beginning on page 56 of this proxy statement/prospectus.

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**ACCOUNTING TREATMENT**

Independent will use the acquisition method of accounting for the merger, in accordance with the provisions of the Business Combinations Topic of the Financial Accounting Standards Board Accounting Standard Codification. As of the date of the merger, Mayflower's assets and liabilities will be recorded at their respective estimated fair values. To the extent that the purchase price exceeds the estimated fair value of the net assets acquired, Independent will allocate the excess purchase price to all identifiable intangible assets. Any remaining excess will then be allocated to goodwill. The goodwill resulting from the merger will not be amortized to expense, but instead will be reviewed for impairment at least annually. To the extent goodwill is impaired, its carrying value would be written down to its implied fair value and a charge would be made to earnings. Core deposit and other intangibles with definite useful lives will be amortized to expense over their estimated useful lives.

The financial statements of Independent issued after the merger will reflect the results attributable to the acquired operations of Mayflower beginning on the date the merger is completed.



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**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER**

The following section describes the anticipated material U.S. federal income tax consequences of the merger to U.S. holders (as defined below) of Mayflower common stock. This discussion addresses only those holders that hold their Mayflower common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), and does not address all the U.S. federal income tax consequences that may be relevant to particular holders in light of their individual circumstances or to holders that are subject to special rules, such as:

financial institutions;

insurance companies;

individual retirement and other tax-deferred accounts;

persons subject to the alternative minimum tax provisions of the Internal Revenue Code;

persons eligible for tax treaty benefits;

entities treated as partnerships or other flow-through entities for U.S. federal income tax purposes;

foreign corporations, foreign partnerships and other foreign entities;

tax-exempt organizations;

dealers in securities;

persons whose functional currency is not the U.S. dollar;

traders in securities that elect to use a mark to market method of accounting;

persons who are not citizens or residents of the United States;

persons that hold Mayflower common stock as part of a straddle, hedge, constructive sale or conversion transaction; and

U.S. holders who acquired their shares of Mayflower common stock through the exercise of an employee stock option or otherwise as compensation.

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The following is based upon the Internal Revenue Code, its legislative history, Treasury regulations promulgated pursuant to the Internal Revenue Code and published rulings and decisions, all as currently in effect as of the date of this document, and all of which are subject to change, possibly with retroactive effect, and to differing interpretations. Tax considerations under state, local and foreign laws, or federal laws other than those pertaining to U.S. federal income tax, are not addressed in this document.

Holders of Mayflower common stock should consult with their own tax advisers as to the U.S. federal income tax consequences of the merger as well as the effect of state, local, foreign and other tax laws and of proposed changes to applicable tax laws, in light of their particular circumstances.

For purposes of this discussion, the term "U.S. holder" means a beneficial owner of Mayflower common stock that is:

a U.S. citizen or resident, as determined for federal income tax purposes;

a corporation, or entity taxable as a corporation, created or organized in or under the laws of the United States; or

otherwise subject to U.S. federal income tax on a net income basis.

The U.S. federal income tax consequences of a partner in a partnership holding Mayflower common stock generally will depend on the status of the partner and the activities of the partnership. We recommend that partners in such a partnership consult their own tax advisers.

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**Table of Contents****Tax Consequences of the Merger Generally**

Independent and Mayflower have structured the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. It is a condition to Independent's obligation to complete the merger that Independent receive an opinion of its legal counsel, Choate Hall & Stewart LLP, dated the closing date of the merger, substantially to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. It is a condition to Mayflower's obligation to complete the merger that Mayflower receive an opinion of its legal counsel, Kilpatrick Townsend & Stockton LLP, dated the closing date of the merger, substantially to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. In rendering these opinions, legal counsel may require and rely upon representations contained in letters and certificates to be received from Independent and Mayflower. None of the tax opinions given in connection with the merger or the opinions described below will be binding on the Internal Revenue Service. Neither Independent nor Mayflower intends to request any ruling from the Internal Revenue Service as to the U.S. federal income tax consequences of the merger. Consequently, no assurance can be given that the Internal Revenue Service will not assert, or that a court would not sustain, a position contrary to any of those set forth below. In addition, if any of the representations or assumptions upon which those opinions are based is inconsistent with the actual facts, the U.S. federal income tax consequences of the merger could be adversely affected.

As a result of the merger qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, the following material U.S. federal income tax consequences will result:

***Exchange Solely for Independent Common Stock.*** No gain or loss will be recognized by a Mayflower shareholder who receives solely shares of Independent common stock (except for cash received in lieu of fractional shares, as discussed below) in exchange for all of his or her shares of Mayflower common stock. The tax basis of the shares of Independent common stock received by a Mayflower shareholder in such exchange will be equal (except for the basis attributable to any fractional shares of Independent common stock, as discussed below) to the basis of the Mayflower common stock surrendered in exchange for the Independent common stock. The holding period of the Independent common stock received will include the holding period of shares of Mayflower common stock surrendered in exchange for the Independent common stock, provided that such shares were held as capital assets of the Mayflower shareholder at the effective time of the merger.

***Exchange Solely for Cash.*** A Mayflower shareholder who receives solely cash in exchange for all of his or her shares of Mayflower common stock (and is not treated as constructively owning Independent common stock after the merger under the circumstances referred to below under Possible Dividend Treatment ) will recognize gain or loss for federal income tax purposes equal to the difference between the cash received and such shareholder's tax basis in the Mayflower common stock surrendered in exchange for the cash. Such gain or loss will be a capital gain or loss, provided that such shares were held as capital assets of the Mayflower shareholder at the effective time of the merger. Such gain or loss will be long-term capital gain or loss if the Mayflower shareholder's holding period is more than one year at the effective time of the merger. The Internal Revenue Code contains limitations on the extent to which a taxpayer may deduct capital losses from ordinary income.

***Exchange for Independent Common Stock and Cash.*** A Mayflower shareholder who receives a combination of Independent common stock and cash in exchange for his or her Mayflower common stock will not be permitted to recognize any loss for federal income tax purposes. Such a shareholder will recognize gain, if any, equal to the lesser of (1) the amount of cash received or (2) the amount of gain realized in the transaction. The amount of gain a Mayflower shareholder realizes will equal the amount by which (a) the cash plus the fair market value at the effective time of the merger of Independent common stock received exceeds (b) the shareholder's basis in the Mayflower common stock to be surrendered in the exchange for the cash and Independent common stock. Any recognized gain could be taxed as a capital gain or a dividend, as described below. The tax basis of the shares of Independent common stock received by such Mayflower shareholder will be the same as the basis of the shares of Mayflower common stock surrendered in exchange for the shares of Independent common stock, adjusted as provided in Section 358(a) of the Internal Revenue Code for the gain

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recognized and/or cash received in exchange for such shares of Mayflower common stock. The holding period for shares of Independent common stock received by such Mayflower shareholder will include such shareholder's holding period for the Mayflower common stock surrendered in exchange for the Independent common stock, provided that such shares were held as capital assets of the shareholder at the effective time of the merger.

A Mayflower shareholder's federal income tax consequences will also depend on whether his or her shares of Mayflower common stock were purchased at different times at different prices. If they were, the Mayflower shareholder could realize gain with respect to some of the shares of Mayflower common stock and loss with respect to other shares. Such Mayflower shareholder would have to recognize such gain to the extent such shareholder receives cash with respect to those shares in which the shareholder's adjusted tax basis is less than the amount of cash plus the fair market value at the effective time of the merger of the Independent common stock received, but could not recognize loss with respect to those shares in which the Mayflower shareholder's adjusted tax basis is greater than the amount of cash plus the fair market value at the effective time of the merger of the Independent common stock received. Any disallowed loss would be included in the adjusted basis of the Independent common stock. Such a Mayflower shareholder is urged to consult his or her own tax advisor respecting the tax consequences of the merger to that shareholder.

**Possible Dividend Treatment.** In certain circumstances, a Mayflower shareholder who receives solely cash or a combination of cash and Independent common stock in the merger may receive dividend income, rather than capital gain, treatment on all or a portion of the gain recognized by that shareholder if the receipt of cash has the effect of the distribution of a dividend. The determination of whether a cash payment has such effect is based on a comparison of the Mayflower shareholder's proportionate interest in Independent after the merger with the proportionate interest the shareholder would have had if the shareholder had received solely Independent common stock in the merger. Possible dividend treatment could apply because of your purchase (or the purchase by a family member or certain entities described below) of additional Independent stock or a repurchase of shares by Independent. For purposes of this comparison, the Mayflower shareholder may be deemed to constructively own shares of Independent common stock held by certain members of the shareholder's family or certain entities in which the shareholder has an ownership or beneficial interest and certain stock options may be aggregated with the shareholder's shares of Independent common stock. The amount of the cash payment that may be treated as a dividend is limited to the shareholder's ratable share of the accumulated earnings and profits of Mayflower at the effective time of the merger. Any gain that is not treated as a dividend will be taxed as a capital gain, provided that the shareholder's shares were held as capital assets at the effective time of the merger. Because the determination of whether a cash payment will be treated as having the effect of a dividend depends primarily upon the facts and circumstances of each Mayflower shareholder, shareholders are urged to consult their own tax advisors regarding the tax treatment of any cash received in the merger.

**Cash in Lieu of Fractional Shares.** A Mayflower shareholder who holds Mayflower common stock as a capital asset and who receives in the merger, in exchange for such stock, solely Independent common stock and cash in lieu of a fractional share interest in Independent common stock will be treated as having received such cash in full payment for such fractional share of stock and as capital gain or loss, notwithstanding the dividend rules discussed above.

**Tax Treatment of the Entities.** No gain or loss will be recognized by Independent or Mayflower as a result of the merger.

## **Reporting Requirements**

A Mayflower shareholder who receives Independent common stock as a result of the merger will be required to retain records pertaining to the merger. Certain Mayflower shareholders are subject to certain reporting requirements with respect to the merger. In particular, such shareholders will be required to attach a statement to their tax returns for the year of the merger that contains the information listed in Treasury

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Regulation Section 1.368-3(b). Such statement must include the shareholder's adjusted tax basis in its Mayflower common stock and other information regarding the reorganization. Mayflower shareholders are urged to consult with their tax advisers with respect to these and other reporting requirements applicable to the merger.

**Withholding Requirements**

Certain Mayflower shareholders may be subject to backup withholding, at a rate of 28%, on cash received pursuant to the merger. Backup withholding will not apply, however, to a Mayflower shareholder who (1) furnishes a correct taxpayer identification number and certifies that the shareholder is not subject to backup withholding on IRS Form W-9 or a substantially similar form, or (2) is otherwise exempt from backup withholding. If a Mayflower shareholder does not provide a correct taxpayer identification number on IRS Form W-9 or a substantially similar form, the Mayflower shareholder may be subject to penalties imposed by the Internal Revenue Service. Amounts withheld, if any, are generally not an additional tax and may be refunded or credited against the Mayflower shareholder's U.S. federal income tax liability, provided that the Mayflower shareholder timely furnishes the required information to the Internal Revenue Service.

THE PRECEDING DISCUSSION IS A SUMMARY OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL POTENTIAL TAX EFFECTS RELEVANT THERETO. SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE MERGER (INCLUDING, BUT NOT LIMITED TO, TAX RETURN REPORTING REQUIREMENTS), AS WELL AS THE EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND ANY PROPOSED CHANGES TO APPLICABLE TAX LAWS.

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### THE COMPANIES

#### INDEPENDENT

Independent is a Massachusetts corporation organized in 1985 and is registered with the Federal Reserve as a bank holding company under the Bank Holding Company Act. Independent is the sole shareholder of Rockland Trust, and its primary business is serving as the holding company of Rockland Trust.

Rockland Trust is a Massachusetts-chartered trust company. Rockland Trust was chartered in 1907. Rockland Trust's deposits are insured by the Deposit Insurance Fund of the FDIC up to applicable limits. Rockland Trust offers a full range of banking services through a network of 78 bank branches in eastern Massachusetts and its commercial lending centers and investment management offices in eastern Massachusetts and Providence, Rhode Island. Rockland Trust provides investment management and trust services to individuals, institutions, small businesses and charitable institutions throughout eastern Massachusetts and Rhode Island.

At March 31, 2013, Independent had total consolidated assets of approximately \$5.7 billion, net loans of approximately \$4.4 billion, total deposits of approximately \$4.6 billion and total stockholders' equity of approximately \$537.6 million.

At March 31, 2013, Independent had (a) a total risk-based capital ratio of 12.43%, (b) a Tier 1 risk-based capital ratio of 10.57%, and (c) a Tier 1 leverage capital ratio of 8.51%. Independent is not subject to any written agreement, order, capital directive, or prompt corrective action directive issued by the Federal Reserve to meet and maintain a specific capital level for any capital measure. Rockland Trust is a well capitalized institution as defined by federal banking agencies.

You can find more information about Independent in Independent's filings with the Securities and Exchange Commission referenced in the sections in this document titled "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference" beginning on page 140.

#### MAYFLOWER

##### General

**Mayflower Bancorp.** Mayflower Bancorp, Inc., a Massachusetts corporation, was organized by Mayflower Co-Operative Bank on October 5, 2006, to acquire all of the capital stock of Mayflower Co-Operative Bank as part of Mayflower Co-Operative Bank's reorganization into the holding company form of ownership, which was completed on February 15, 2007. Upon completion of the holding company reorganization, Mayflower's common stock, par value \$1.00 per share, became registered under the Securities Exchange Act of 1934, as amended. Mayflower is a registered bank holding company subject to regulation and examination by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). Mayflower has no significant assets other than the common stock of Mayflower Co-Operative Bank and various other liquid assets in which it invests in the ordinary course of business.

**Mayflower Co-Operative Bank.** Mayflower Co-Operative Bank was organized as a Massachusetts chartered co-operative bank in 1889. The primary business of Mayflower Co-Operative Bank is to acquire funds in the form of deposits and make permanent and construction mortgage loans on one-to-four family homes and commercial real estate located in its primary market area. Additionally, Mayflower Co-Operative Bank makes commercial business loans, consumer loans and offers home equity loans and lines of credit. Mayflower Co-Operative Bank also invests a portion of its funds in money market instruments, federal government and agency obligations, municipal obligations, various types of corporate debt and equity securities, and other authorized investments.

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Mayflower Co-Operative Bank considers its market area to be southeastern Massachusetts, to include a primary focus on Plymouth County. Mayflower Co-Operative Bank's deposits are insured by the Deposit Insurance Fund administered by the FDIC, with additional insurance to the total amount of the deposit provided by the Share Insurance Fund of The Co-Operative Central Bank, a deposit-insuring entity chartered by the Commonwealth of Massachusetts. Mayflower Co-Operative Bank is subject to regulation by the Massachusetts Division of Banks (the Division) and the FDIC. Mayflower Co-Operative Bank's savings and lending activities are conducted through its main office in Middleboro and seven full-service offices in Plymouth, Wareham, Rochester, Bridgewater, and Lakeville, Massachusetts.

Mayflower Co-Operative Bank's principal sources of income are interest on loans and loan origination fees, interest and dividends on investment securities and short-term investments, loan servicing and other fees, and gains on the sale of investment securities and mortgages. Mayflower Co-Operative Bank's principal expenses are interest paid on deposits and borrowings and general and administrative expenses.

In February 2012, Mayflower and Mayflower Co-Operative Bank changed their fiscal year from April 30 to March 31. As a result of this change, References in this proxy statement/prospectus and the attached financial statements of Mayflower to fiscal year 2012 or fiscal 2012 refer to the eleven-month period from May 1, 2011 through March 31, 2012 and references to fiscal year 2011 or fiscal 2011 refer to the twelve-month period from May 1, 2010 through April 30, 2011. References to fiscal year 2013 or fiscal 2013 refer to the 12-month period from April 1, 2012 through March 31, 2013.

The main offices of Mayflower and Mayflower Co-Operative Bank are located at 30 South Main Street, Middleboro, Massachusetts 02346 and their telephone number is (508) 947-4343. Mayflower Co-Operative Bank also maintains a website at [www.mayflowerbank.com](http://www.mayflowerbank.com). Information on Mayflower Co-Operative Bank's website should not be considered a part of this proxy statement/prospectus.

## **Lending Activities**

**General.** With Federal Reserve policymakers focused on pushing down longer term interest rates through their quantitative easing program, mortgage rates remained low throughout fiscal year 2013 and residential loan activity maintained the historically strong pace begun in the second half of fiscal 2012. Most of this volume was sold into the secondary market. However, selective purchases of residential fixed-rate mortgages totaling \$11.6 million were made to offset the high level of sales and accelerated prepayments from refinance activity, so that for the year ended March 31, 2013, the net result was an overall increase in the loan portfolio of \$5.0 million.

Mayflower Co-Operative Bank's loan portfolio totaled \$139.3 million as of March 31, 2013, which represented 53.3% of total assets. Mayflower Co-Operative Bank offers conventional residential mortgage loans, second mortgages and equity lines of credit on residential properties, commercial real estate mortgages, loans for the construction of residential and commercial properties and commercial business loans. Mayflower Co-Operative Bank offers jumbo fixed-rate mortgages intended for its own portfolio and for resale in the secondary market and also makes consumer loans, including secured and unsecured personal loans, automobile and boat loans.

Mayflower Co-Operative Bank continues to emphasize the origination of fixed interest rate home mortgages intended for resale and offers adjustable-rate mortgage products, most of which feature a fixed-rate of interest for the first three or five years, and are then adjustable on an annual basis. During the year ended March 31, 2013, Mayflower Co-Operative Bank originated mortgage loans of all types totaling \$54.1 million, compared to \$40.7 million in such loans originated during fiscal 2012. Mayflower Co-Operative Bank retains in its portfolio virtually all of its adjustable-rate mortgage originations, and also retains selected fixed-rate mortgage loans in its portfolio, as dictated by market conditions, or in consideration of asset and liability management factors. Fixed-rate mortgages retained in Mayflower Co-Operative Bank's portfolio are typically underwritten in accordance

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with secondary market guidelines. As of March 31, 2013, Mayflower Co-Operative Bank had retained in its portfolio fixed-rate residential first mortgage loans totaling \$54.1 million and adjustable-rate residential first mortgage loans totaling \$15.2 million.

**Analysis of Loan Portfolio**

The following table shows the composition of Mayflower Co-Operative Bank's loan portfolio by type of loan and the percentage each type represents of the total loan portfolio at the dates indicated. Except as set forth below, at March 31, 2013, Mayflower Co-Operative Bank did not have any concentration of loans exceeding 10% of total loans.

	At March 31,				At April 30,							
	2013		2012		2011		2010		2009		2008	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
(Dollars in thousands)												
Mortgage loans:												
Residential conventional	\$ 69,295	48.5%	\$ 60,691	44.0%	\$ 48,724	38.4%	\$ 46,814	38.0%	\$ 54,706	40.9%	\$ 51,897	40.5%
Commercial real estate	42,666	29.8	44,273	32.1	43,511	34.3	41,061	33.4	43,404	32.5	37,319	29.1
Construction	6,946	4.9	6,605	4.8	6,272	4.9	5,684	4.6	6,589	4.9	8,239	6.4
Home equity loans	2,587	1.8	2,821	2.0	3,521	2.8	4,329	3.5	5,521	4.1	5,634	4.4
Home equity lines of credit	15,713	11.0	17,271	12.5	17,702	13.9	17,578	14.3	17,447	13.1	19,033	14.8
Total mortgage loans	137,207	96.0	131,661	95.4	119,730	94.3	115,466	93.8	127,667	95.5	122,122	95.2
Commercial loans	4,340	3.0	4,578	3.3	5,576	4.4	5,936	4.8	4,301	3.2	4,036	3.1
Consumer loans	1,461	1.0	1,745	1.3	1,620	1.3	1,688	1.4	1,755	1.3	2,127	1.7
Total loans	\$ 143,008	100.0%	\$ 137,984	100.0%	126,926	100.0%	123,090	100.0%	133,723	100.0%	128,285	100.0%
Less:												
Due borrowers on construction and other loans	2,553		2,487		1,308		1,453		1,392		1,639	
Net deferred loan origination fees (costs)	(74)		(51)		(93)		(102)		(85)		(65)	
Allowances for possible loan losses	1,208		1,217		1,214		1,194		1,305		1,375	
Total	3,687		3,653		2,429		2,545		2,612		2,949	
Net loans	\$ 139,321		\$ 134,331		\$ 124,497		\$ 120,545		\$ 131,111		\$ 125,336	





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**Loan Maturity Analysis.** The following table sets forth certain information at March 31, 2013, regarding the dollar amount of loans maturing (based on contractual terms) in Mayflower Co-Operative Bank's portfolio. Demand loans, loans having no schedule of repayments and no stated maturity and overdrafts are reported as due in one year or less. Residential, commercial and construction mortgage loans are reported net of amounts due to borrowers.

	Due within one year after March 31, 2013	Due after 1 through 5 years after March 31, 2013	Due after 5 years after March 31, 2013	Total
(In thousands)				
<b>Real estate mortgage loans:</b>				
Residential conventional	\$ 4	\$ 689	\$ 68,602	\$ 69,295
Commercial	3,634	12,985	26,047	42,666
Construction	3,073		1,320	4,393
Home equity loans	358	300	1,929	2,587
Home equity lines of credit			15,713	15,713
<b>Total mortgage loans</b>	<b>\$ 7,069</b>	<b>\$ 13,974</b>	<b>\$ 113,611</b>	<b>\$ 134,654</b>
<b>Other:</b>				
Consumer	704	562	195	1,461
Commercial loans	3,102	686	552	4,340
<b>Total</b>	<b>\$ 3,806</b>	<b>\$ 1,248</b>	<b>\$ 747</b>	<b>\$ 5,801</b>

The next table shows at March 31, 2013, the dollar amount of all Mayflower Co-Operative Bank's loans due one year or more after March 31, 2013, which have fixed interest rates and have floating or adjustable interest rates.

	Fixed-Rate	Floating or Adjustable Rates
(In thousands)		
<b>Real estate loans:</b>		
Residential conventional	\$ 54,132	\$ 15,159
Commercial	12,638	26,394
Construction	1,087	233
Home equity loans	2,229	
Home equity lines of credit		15,713
<b>Total mortgage loans</b>	<b>\$ 70,086</b>	<b>\$ 57,499</b>
<b>Other:</b>		
Consumer	757	
Commercial loans	1,088	150
<b>Total other loans</b>	<b>\$ 1,845</b>	<b>\$ 150</b>

Scheduled contractual principal repayments of loans do not necessarily reflect the actual life of such assets. The average life of long-term loans is substantially less than their contractual terms, due to prepayments. In addition, Mayflower Co-Operative Bank's mortgage loans generally give Mayflower Co-Operative Bank the right to declare a loan due and payable in the event that, among other things, a borrower sells the real property subject to the mortgage and the loan is not repaid.

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**Residential Lending.** Mayflower Co-Operative Bank originates for its portfolio adjustable-rate residential mortgage loans secured by one- to four-family, owner-occupied residences and investment properties and owner-occupied second

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homes. Mayflower Co-Operative Bank also originates fixed-rate loans for sale in the secondary mortgage market, and from time to time has originated fixed-rate loans which it has retained in its portfolio, as dictated by market conditions, or as a function of asset and liability management considerations. Fixed-rate residential loans accounted for \$54.1 million, or 78.1%, of Mayflower Co-Operative Bank's total residential conventional mortgage loan portfolio as of March 31, 2013. As of that date, Mayflower Co-Operative Bank's one, three and five-year adjustable-rate residential mortgages totaled \$15.2 million, or 21.9%, of the total residential conventional mortgage loan portfolio.

Residential mortgages are generally made in amounts of up to 80% of the appraised value of the property securing the loan. Loans up to 95% of appraised value are available if private mortgage insurance can be obtained in order to reduce Mayflower Co-Operative Bank's exposure. Residential mortgage loans are typically made for terms of up to 30 years. A significant portion of mortgage loans held in Mayflower Co-Operative Bank's portfolio provide for an initial interest rate that is fixed for no longer than 60 months, and the majority of such loans are adjusted thereafter at intervals of twelve months. Mayflower Co-Operative Bank utilizes an index that is tied to the rate paid on one-year U.S. Treasury Bills for interest rate adjustments.

In response to customer demand for fixed-rate borrowing, Mayflower Co-Operative Bank continues to originate fixed-rate loans. Fixed-rate loans originated may be retained in Mayflower Co-Operative Bank's portfolio, or they may be sold to Fannie Mae with servicing rights retained for which Mayflower Co-Operative Bank receives a minimum fee of one quarter of one percent of the outstanding loan balance. During the year ended March 31, 2013, Mayflower Co-Operative Bank originated no adjustable-rate mortgage loans and originated fixed-rate mortgage loans amounting to \$43.4 million. During the year ended March 31, 2013, Mayflower Co-Operative Bank sold \$29.1 million of fixed-rate loans in the secondary mortgage market. At March 31, 2013, Mayflower Co-Operative Bank held \$54.1 million in fixed-rate mortgages of which \$790,000 are identified as available for sale.

Interest rates for loans are set internally as a function of Mayflower Co-Operative Bank's cost of funds, competitive pressures, the requirements of the secondary mortgage market and other strategic considerations. These rates are reviewed and revised as necessary. Rate commitments are made to applicants for a period of 45 days. The underwriting of residential first mortgage loans is conducted by Mayflower Co-Operative Bank's mortgage department which conducts and documents an extensive review of the applicant's employment, income, and previous credit history.

**Construction Lending.** Mayflower Co-Operative Bank has traditionally been involved in construction lending. As of March 31, 2013, Mayflower Co-Operative Bank had 25 construction loans outstanding, with \$6.9 million committed in construction loan financing, representing 4.9% of the total loan portfolio. On that date, \$2.6 million of total committed construction loan financing had not been advanced. Mayflower Co-Operative Bank's construction lending activity is primarily focused on single-family homes and residential development. Construction loans are also extended to individuals for the construction of their primary residences, for which Mayflower Co-Operative Bank provides permanent financing. Mayflower Co-Operative Bank also extends construction loan financing to builders and developers for the construction of single-family residences and the development of residential subdivisions and condominiums. Additionally, Mayflower Co-Operative Bank offers loans for the construction of commercial real estate such as office buildings, retail business development and other commercial properties. At March 31, 2013, Mayflower Co-Operative Bank's average construction loan balance was \$176,000 and the single largest construction loan with a commitment outstanding as of March 31, 2013, was for \$568,000 (\$568,000 advanced as of March 31, 2013) on a single-family home in Duxbury, Massachusetts. Collateral for this construction loan consists of a first mortgage on the real estate which has an appraised value of \$905,000 as complete.

Construction loan financing is conducted by Mayflower Co-Operative Bank's mortgage and commercial loan departments which are responsible for underwriting each project according to Bank policy. Typical homeowner's construction loans are made for a maximum of 80% of completed value. Mayflower Co-Operative

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Bank takes particular care to screen each residential construction loan request to determine that sufficient funds are being committed at closing to ensure the completion of the project and the issuance of an occupancy permit, thereby avoiding the need to supply additional funding for which the borrower may not be qualified. With respect to pre-sold construction loan requests received from builders and developers, Mayflower Co-Operative Bank extends financing for a maximum of 80% of completed value. Construction loans without a pre-sale commitment are offered only to experienced builders, usually with loan-to-value ratios of no more than 75%. In some instances, Mayflower Co-Operative Bank further reduces this loan-to-value ratio to adequately protect its interests.

Builders' home construction loans are written for a maximum term of twelve months, during which time the borrower is billed on an interest only basis. Pricing of these loans is individually determined on the basis of competitive and market conditions, the borrower's experience and relationship with Mayflower Co-Operative Bank and the perceived level of risk. Maximum and aggregate loan limits for individual builders and borrowers depend upon market conditions and the applicant's financial condition. Construction loan proceeds are disbursed in accordance with a Bank-established schedule as work progresses and based upon inspection by Mayflower Co-Operative Bank's Security Committee or duly authorized officer or approved inspector. No funds are released in anticipation of progress or for the acquisition of materials. In the event a construction loan extended to a builder or developer is not paid off within the original term of the note (typically twelve months), the note would generally be extended for an additional six to twelve-month period at an adjusted market rate of interest if the borrower remained current on interest payments to maturity. Contractors and builders doing business with Mayflower Co-Operative Bank are encouraged to refer their buyers to Mayflower Co-Operative Bank for permanent financing, and in some instances, special financing packages are offered by Mayflower Co-Operative Bank to facilitate a permanent relationship.

**Commercial Real Estate Lending.** Mayflower Co-Operative Bank also originates commercial real estate loans for its portfolio, secured by multi-family residences (over four units) and residential apartment complexes, retail buildings, office buildings and other types of commercial real estate. Mayflower Co-Operative Bank generally limits its commercial real estate lending activity to its primary market area. As of March 31, 2013, Mayflower Co-Operative Bank had \$42.7 million in commercial real estate loans outstanding, representing 29.8% of Mayflower Co-Operative Bank's total loans. At that date, the average commercial real estate loan balance was \$251,000. The largest commercial real estate exposure at March 31, 2013, was \$2.4 million and was secured by residential building lots in Nantucket, Massachusetts, and the limited personal guarantees of the principals. Appraised value of this parcel was approximately \$4.6 million. The second largest commercial real estate loan as of March 31, 2013, was for \$1.6 million, and was secured by a first mortgage on a mixed use building in Boston's Back Bay and personal guarantee of the principals. The appraisal acquired in connection with the origination of this loan indicated its value to be approximately \$9.7 million. These loans were current at March 31, 2013.

Commercial real estate loans are currently written in an amount not to exceed 75% of the appraised value of the property securing the loan. The personal guarantees of borrowers are required and in some instances additional collateral is taken. The majority of commercial real estate loans in Mayflower Co-Operative Bank's portfolio are written for a term of up to ten years with amortization schedules typically based on a hypothetical term of 15 to 25 years. Interest rates may be fixed for up to seven years, with rate adjustments following the initial fixed period based on a margin over the prime rate, FHLB advance rate or a treasury index. Prepayment penalties are typically required. The underwriting of commercial real estate loans entails review by Bank personnel of all existing and projected income and operating expenses. A detailed evaluation of the creditworthiness of the borrower and the viability of the project in question is also conducted.

**Commercial Loans.** Commercial loans are of potential benefit to Mayflower Co-Operative Bank due to their higher yields and shorter terms and, although entailing greater risk than conventional mortgage, at March 31, 2013 totaled \$4.3 million, or 3.0%, of Mayflower Co-Operative Bank's loan portfolio. At that date, 114 commercial business loans were outstanding with an average balance of \$38,000, while the largest

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commercial business loan at that date was a \$370,000 term loan for a Plymouth, Massachusetts restaurant. This loan is secured by assets of the business, a junior mortgage on the guarantor's residence and an SBA guarantee.

Mayflower Co-Operative Bank offers various types of commercial business loans including demand loans, time loans, term loans, and commercial lines of credit. These loans are generally written on demand or for terms of from three months to seven years and with fixed rates or variable rates of interest which adjust to a certain percentage (usually 2-4%) above the prime lending rate as reported in The Wall Street Journal. Mayflower Co-Operative Bank generally requires that commercial borrowers maintain a depository relationship with Mayflower Co-Operative Bank and management seeks to expand the depository relationship to include all other banking activity of its commercial business borrowers.

In conformity with Mayflower Co-Operative Bank's lending policy, all commercial business loan applications are thoroughly screened and reviewed and a total credit package is required before approval. Most of these loans are collateralized by business assets, equipment or real estate and personal guarantees are required.

**Consumer Loans, Home Equity Loans and Home Equity Lines of Credit.** Mayflower Co-Operative Bank's consumer loan portfolio decreased by \$284,000 in the year ended March 31, 2013 and totaled \$1.5 million on March 31, 2013, representing 1.0% of the total loan portfolio on that date. These loans had a weighted average yield of 6.25% at March 31, 2013. Mayflower Co-Operative Bank offers both secured and unsecured personal loans, automobile loans, short-term loans and overdraft protection. The consumer loan department fully considers all aspects of the application prior to approval or rejection.

Mayflower Co-Operative Bank also offers home equity loans and lines of credit which are secured by one- to four-family owner-occupied residences, and second homes. Mayflower Co-Operative Bank generally limits this lending activity to its primary market area. Mayflower Co-Operative Bank will lend up to 80% of the value of the property securing the loan, less any outstanding first mortgage. The maximum loan amount for home equity loans and lines of credit is \$200,000 for loan-to-value ratios up to 75% and \$100,000 for loan-to-value ratios up to 80%. Fixed-rate home equity loans are offered with 5 to 20-year terms. As of March 31, 2013, Mayflower Co-Operative Bank had \$2.6 million outstanding in home equity loans, representing 1.8% of Mayflower Co-Operative Bank's total loans.

Mayflower Co-Operative Bank's home equity credit line program provides for monthly rate adjustments tied to the prime lending rate reported in The Wall Street Journal, subject to a floor rate as determined from time to time. Previously, Mayflower Co-Operative Bank has offered an initial fixed-rate period of up to five years. At March 31, 2013, the outstanding balance of Mayflower Co-Operative Bank's home equity lines was \$15.7 million, with a weighted average yield of 3.90%. The underwriting of home equity loans and lines of credit is conducted by Mayflower Co-Operative Bank's consumer loan department using similar credit guidelines and parameters as are used with first mortgage requests.

Mayflower Co-Operative Bank believes its commercial business lending and consumer lending programs create diversity and mitigate interest rate sensitivity within its asset mix and offer attractive yields. Mayflower Co-Operative Bank is currently emphasizing its lending programs through the activities of its loan officers, branch managers and customer service personnel.

**Certain Underwriting Risks.** As noted above, a significant portion of residential mortgage loans currently originated by Mayflower Co-Operative Bank for its portfolio provide for periodic interest rate adjustments. Despite the benefits of adjustable-rate mortgages to Mayflower Co-Operative Bank's asset and liability management program, such mortgages pose risks because as interest rates rise the underlying payments required from the borrower rise, increasing the potential for default. At the same time, the marketability of the underlying property may be adversely affected by higher interest rates. One of the ways Mayflower Co-Operative Bank seeks to protect itself on these loans is by generally limiting loans to 80% of the appraised value of the property and requiring substantially all mortgage loans with loan-to-value ratios in excess of 80% to carry private

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mortgage insurance. In addition, originating fixed-rate loans for sale in the secondary mortgage market may also involve certain risks as, in periods of rising interest rates, loans originated for sale may depreciate in value prior to their sale if a forward commitment for the sale of such loans has not been arranged. In such cases, Mayflower Co-Operative Bank may choose to retain such fixed-rate loans in its portfolio.

Commercial business, construction and commercial real estate financing are generally considered to involve a higher degree of credit risk than long-term financing of residential properties. Although commercial business loans are advantageous to Mayflower Co-Operative Bank because of their interest rate sensitivity, they also involve more risk due to the higher potential for default and the difficulty of disposing of the collateral, if any. Mayflower Co-Operative Bank's risk of loss on a construction loan is dependent largely upon the accuracy of the initial estimate of the property's value at completion of construction or development and the estimated cost (including interest) of construction. If the estimate of construction cost proves to be inaccurate, Mayflower Co-Operative Bank may be required to advance funds beyond the amount originally committed to permit completion of the project. If the estimate of value proves to be inaccurate, Mayflower Co-Operative Bank may be confronted, at or prior to the maturity of the loan, with a project whose value is insufficient to assure full repayment. On commercial real estate loans, the risk to Mayflower Co-Operative Bank is primarily attributable to the cash flow from the property being financed or the owner-occupant business. If the cash flow from the property is reduced (*e.g.*, if leases are not obtained or renewed), the borrower's ability to repay Mayflower Co-Operative Bank's loan may be impaired. In addition, the amount of a commercial real estate loan is typically substantially larger than a residential mortgage loan. As noted, Mayflower Co-Operative Bank seeks to protect itself on construction and commercial loans by limiting the loan-to-value ratios to 80% and 75% or less, respectively, depending on the amount of the loan and/or the type of property offered for security, and by requiring the personal guarantees of borrowers.

**Origination Fees and Other Fees.** Mayflower Co-Operative Bank presently receives origination fees on many of the real estate loans it originates. Fees to cover the cost of appraisals and credit reports are also collected. Loan origination income varies with the amount and type of loan made and with competitive and economic conditions. Mayflower Co-Operative Bank imposes late charges on all first mortgages loans.

In accordance with Financial Accounting Standards Board ( FASB ) guidance, certain non-refundable fees associated with lending activities, such as origination and commitment fees and discounts, and certain incremental loan origination costs, are deferred and amortized over the life of the loan. As a result of the statement, loan origination fees and costs are deferred from current income recognition and spread as an adjustment to the yield (interest income) on the loans over their lives using the interest method.

**Loan Solicitation and Underwriting Procedures.** Loan originations are developed by Mayflower Co-Operative Bank's officers, managers, other employees and Board of Directors from a number of sources, including referrals from realtors, builders, community organizations and customers. Consumer loans are solicited from existing depositors and loan customers as well as the community at large.

Applications for all types of loans are taken at all of Mayflower Co-Operative Bank's offices and mortgage loan applications are forwarded to the main office for processing. Mortgage personnel may take applications at other locations to facilitate the application process and customers may also apply on-line. Mayflower Co-Operative Bank's loan underwriting procedures include the use of detailed credit applications, property appraisals or evaluations and verifications of an applicant's credit history, employment situation and banking relationships. Individual officers may approve loans up to the level of authority granted by Mayflower Co-Operative Bank's Board of Directors. Loan amounts above the individual officers' limits require Security Committee approval and in certain cases, by Mayflower Co-Operative Bank's Board of Directors. All loans are ratified by the Board of Directors.

Mortgage loan applicants are promptly notified concerning their application by a commitment letter setting forth the terms and conditions of the action thereon. If approved, these commitments include the amount of the

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loan, interest rate, amortization term, a brief description of the real estate mortgaged to Mayflower Co-Operative Bank, the requirement for fire and casualty insurance to be maintained to protect Mayflower Co-Operative Bank's interest and other special conditions as warranted.

**Loan Originations and Sale.** Mayflower Co-Operative Bank makes fixed-rate loans primarily for sale in the secondary mortgage market and adjustable-rate mortgages for its own portfolio. Interest rate commitments up to 45 days are offered to borrowers.

**Delinquent Loans, Loans in Foreclosure and Foreclosed Property.** Once a loan payment is 15 days past due, Mayflower Co-Operative Bank notifies the borrower of the delinquency. Repeated contacts are made if the loan remains in a delinquent status for 30 days or more. While Mayflower Co-Operative Bank generally is able to work out satisfactory repayment with a delinquent borrower, Mayflower Co-Operative Bank will usually undertake foreclosure proceedings or other collection efforts if the delinquency is not otherwise resolved when payments are 90 days past due. Property acquired by Mayflower Co-Operative Bank as a result of foreclosure, by deed in lieu of foreclosure or when the borrower has effectively abandoned the property and the loan meets the criteria of an in-substance foreclosure is classified as real estate owned until such time as it is sold or otherwise disposed of.

The following table sets forth information with respect to Mayflower Co-Operative Bank's nonperforming assets at the dates indicated.

	At March 31,		At April 30,			
	2013	2012	2011	2010	2009	2008
	(Dollars in Thousands)					
Loans accounted for on a nonaccrual basis:						
Residential mortgages	\$	\$ 282	\$ 1,108	\$	\$ 315	\$ 617
Commercial mortgages	298		456	295		
Home equity loans and lines of credit	147	30	139	99	30	
Commercial loans				120		
Total nonaccrual loans	\$ 445	\$ 312	\$ 1,703	\$ 514	\$ 345	\$ 617
Accruing loans past due 90 days or more:						
Residential loans	\$	\$	\$	\$	\$	\$
Commercial mortgages		250				
Home equity loans and lines of credit						
Commercial loans						
Total accruing loans past due 90 days or more	\$	\$ 250	\$	\$	\$	\$
Impaired loans:						
Residential loans	\$	\$	\$ 761	\$	\$	\$
Commercial mortgages			456	881	595	
Home equity loans and lines of credit	148	60	139	99		
Commercial loans	1,808			120		
Consumer loans		2				
Total	\$ 1,956	\$ 62	\$ 1,356	\$ 1,100	\$ 595	\$
Total of nonaccruing loans, accruing loans past due 90 days or more and restructured loans due 90 days or more and restructured loans	\$ 796	\$ 562	\$ 1,703	\$ 1,100	\$ 940	\$ 617
Percentage of net loans	0.57%	0.42%	1.37%	0.91%	0.72%	0.49%
Other nonperforming assets (1)	\$ 139	\$ 194	\$ 1,211	\$ 1,815	\$ 590	\$ 605



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- (1) Other nonperforming assets represent property acquired by Mayflower through foreclosure. This property is carried at the lower of its fair market value or the principal balance of the related loan.

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At March 31, 2013, Mayflower Co-Operative Bank had one commercial mortgage and two home equity lines of credit on nonaccrual status.

During the year ended March 31, 2013, gross interest income of \$8,000 would have been recorded on mortgage loans accounted for on a nonaccrual basis if such loans had been current through the period; \$16,000 of interest income was actually recorded on such loans during the year ended March 31, 2013.

At March 31, 2013, Mayflower Co-Operative Bank had 10 loans with a total outstanding principal balance of \$3.3 million which were not classified as nonperforming assets, but where information about credit problems of the borrowers has caused management to have concern as to the ability of the borrower to comply with current repayment terms.

While Mayflower Co-Operative Bank believes it is holding sufficient collateral and has established reserves in amounts adequate to cover losses that may be incurred upon disposition of its problem assets, there can be no assurance that additional losses will not be incurred. The recent economic recession and its effect on borrowers' repayment capacities and on the values of properties held as collateral by Mayflower Co-Operative Bank could negatively impact the performance of Mayflower Co-Operative Bank's loan portfolio going forward.

**Allowance for Possible Loan Losses.** Mayflower Co-Operative Bank maintains an allowance for possible losses on loans. The allowance for possible loan losses is determined by management quarterly on the basis of several factors including the risk characteristics of the portfolio, Mayflower Co-Operative Bank's charge-off history, current economic conditions and trends in loan delinquencies and charge-offs, and is reviewed and endorsed by Mayflower Co-Operative Bank's Security Committee and the Board of Directors on a quarterly basis. A provision is made if needed to bring the allowance to its recommended level. Estimated losses on specific loans are charged to income when, in the opinion of management, such losses are expected to be incurred. Losses are usually indicated when the net realizable value is determined to be less than the investment in such loans.

Management actively monitors Mayflower Co-Operative Bank's problem assets, formally reviewing identified and potential troubled assets at the Board of Directors level on a monthly basis. Additionally, Mayflower Co-Operative Bank regularly reviews its lending policies and maintains conservative limits on loan-to-value ratios on land loans, construction loans to builders and commercial real estate mortgages. However, a continuing downturn in the real estate market and economy in Mayflower Co-Operative Bank's primary market area could result in Mayflower Co-Operative Bank experiencing additional loan delinquencies, thereby having a negative impact on Mayflower Co-Operative Bank's interest income and negatively affecting net income in future periods.

At March 31, 2013, Mayflower Co-Operative Bank had five impaired loans totaling \$2.0 million. The average investment in impaired loans during the fiscal year was \$2.0 million and the valuation allowance related to the impaired loans was \$241,000. During the year ended March 31, 2013, interest income recognized on the impaired loans was \$112,000.

During the year ended March 31, 2013, Mayflower Co-Operative Bank made provisions for loan losses totaling \$40,000 compared to \$228,000 for loan losses for the eleven months ended March 31, 2013, a provision of \$201,000 for loan losses for the year ended April 30, 2011. At March 31, 2013, Mayflower Co-Operative Bank's reserve for loan losses totaled \$1.2 million. While Mayflower Co-Operative Bank believes it has established its reserve for loan losses in accordance with generally accepted accounting principles, there can be no assurance (i) that regulators, in reviewing Mayflower Co-Operative Bank's loan portfolio in the future, will not request that Mayflower Co-Operative Bank increase its allowance for possible loan losses, or (ii) that deterioration will not occur in Mayflower Co-Operative Bank's loan portfolio, thereby negatively impacting Mayflower Co-Operative Bank's financial condition and earnings.

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Management believes that the present loss allowance is adequate to provide for probable losses based upon evaluation of known and inherent risks in the loan portfolio. In determining the appropriate level for the allowance of loan loss, Mayflower considers past loss experience, evaluations of underlying collateral, prevailing economic conditions, the nature of the loan portfolio and levels of nonperforming and other classified loans. While management uses the best information available to recognize loan losses, future additions to the allowance may be necessary based on additional increases in nonperforming loans, changes in economic conditions, or for other reasons.

The following table provides an analysis of the allowance for loan losses during the dates indicated.

	Year Ended March 31, 2013	Eleven Months Ended March 31, 2012	2011	Years Ended April 30,		2008
				2010	2009	
	(Dollars in thousands)					
Balance at beginning of period	\$ 1,217	\$ 1,214	\$ 1,194	\$ 1,305	\$ 1,375	\$ 1,673
Charge-offs:						
Mortgage loans		(124)	(123)	(264)	(78)	(300)
Other loans	(57)	(107)	(130)	(68)		(5)
Total charge-offs	(57)	(231)	(253)	(332)	(78)	(305)
Total recoveries	8	6	72	6	8	7
Net loans (charged-off) recoveries	(49)	(225)	(181)	(326)	(70)	(298)
Provision for possible loan losses	40	228	201	215		
Balance at end of period	\$ 1,208	\$ 1,217	\$ 1,214	\$ 1,194	\$ 1,305	\$ 1,375
Ratio of net (charge-offs) recoveries to average loans outstanding during the period	(.04)%	(0.18)%	(0.14)%	(0.26)%	(0.05)%	(0.22)%

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The following table sets forth the breakdown of the allowance for loan losses by loan category at the dates indicated.

	At March 31,				At April 30,				2009	2008		
	2013	2012	2011	2010	2010	2009	2008					
	Percent of Loans in Category to Total Loans	Percent of Loans in Category to Total Loans	Percent of Loans in Category to Total Loans	Percent of Loans in Category to Total Loans	Percent of Loans in Category to Total Loans	Percent of Loans in Category to Total Loans	Percent of Loans in Category to Total Loans	Percent of Loans in Category to Total Loans	Percent of Loans in Category to Total Loans	Percent of Loans in Category to Total Loans		
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount		
(Dollars in thousands)												
At end of period allocated to:												
Residential mortgages	\$ 173	48.5%	\$ 182	44.0%	\$ 173	38.4%	\$ 161	38.0%	\$ 242	40.9%	\$ 339	40.5%
Commercial mortgages	640	29.8	585	32.1	635	34.3	639	33.4	706	32.5	591	29.1
Construction mortgages	55	4.9	65	4.8	95	4.9	95	4.6	89	4.9	181	6.4
Home equity loans and lines of credit	238	12.8	246	14.5	182	16.7	151	17.8	166	17.2	161	19.2
Commercial loans	89	3.0	114	3.3	112	4.4	129	4.8	82	3.2	76	3.1
Consumer loans	13	1.0	25	1.3	17	1.3	19	1.4	20	1.3	27	1.7
Total allowance for loan losses	\$ 1,208	100.0%	\$ 1,217	100.0%	\$ 1,214	100.0%	\$ 1,194	100.0%	\$ 1,305	100.0%	\$ 1,375	100.0%

Based upon management's assessment and year-end economic and real estate market conditions, management believes that the allowance for loan losses as of March 31, 2013, is adequate to absorb potential future losses in Mayflower Co-Operative Bank's loan portfolio. However, further deterioration of the real estate market or economy in Mayflower Co-Operative Bank's market area could result in Mayflower Co-Operative Bank experiencing increased levels of nonperforming assets and charge-offs, significant provisions for loan losses and a further reduction in net interest income.

**Investment Activities**

Mayflower Co-Operative Bank has authority to invest in a wide range of securities deemed to be prudent, subject to regulatory restrictions which have not significantly limited Mayflower Co-Operative Bank's investment activities. Mayflower Co-Operative Bank's management believes it is proper to maintain an investment portfolio that provides not only a source of income, but also a source of liquidity to meet lending demands and fluctuations in deposit flows. The relative mix of investment securities and loans in Mayflower Co-Operative Bank's portfolio is dependent upon the comparative attractiveness of yields available to Mayflower Co-Operative Bank and demand for various types of loans that it makes as compared to yields on investment securities. At March 31, 2013, Mayflower Co-Operative Bank's portfolio of interest-bearing deposits in banks and investment securities totaled \$103.1 million, which represented 39.5% of total assets.

During the year ended March 31, 2013, Mayflower Co-Operative Bank's portfolio of investment and interest-bearing deposits in banks increased by \$6.3 million. This increase was comprised of growth of \$4.6 million in U.S. Government Agency Obligations, an increase of \$2.1 million in mortgage-backed and related securities, and an increase of \$329,000 in interest-bearing deposits in banks. Offsetting these increases was a reduction of \$335,000 in municipal obligations. Finally, the unrealized gain on securities available-for-sale decreased by \$401,000, from \$1.3 million at March 31, 2012 to \$894,000 at March 31, 2013.

Mayflower Co-Operative Bank's portfolio of fixed-income investment securities consists of instruments offering varying maturities or adjustable interest rates, including interest-bearing deposits in banks, United States Treasury and government agency obligations, investment grade corporate bonds, municipal obligations and money market instruments.



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The average life to maturity of Mayflower Co-Operative Bank's U.S. Government agency and municipal obligations fixed-income investment portfolio was 5.4 years at March 31, 2013. Mayflower Co-Operative Bank's investment portfolio is managed by Mayflower Co-Operative Bank's President and Treasurer, who make investment decisions (with the assistance of an independent investment advisory firm) for Mayflower Co-Operative Bank. For more information on Mayflower Co-Operative Bank's investment portfolio see Note B of Mayflower's Notes to Consolidated Financial Statements.

**Investment Portfolio.** The following table sets forth the composition of Mayflower Co-Operative Bank's investment portfolio at the dates indicated. For information regarding the classification of investment securities as available for sale or held to maturity see Notes A and B of Mayflower's Notes to Consolidated Financial Statements included in this proxy statement/prospectus.

	At March 31,				At April 30,			
	2013		2012		2011		2010	
	Book Value	Market Value	Book Value	Market Value	Book Value	Market Value	Book Value	Market Value
(Dollars in thousands)								
<b>Short-term Investments:</b>								
Interest-bearing deposits in banks	\$ 8,931	\$ 8,931	\$ 8,602	\$ 8,602	\$ 6,256	\$ 6,256	\$ 15,914	\$ 15,914
<b>Investment Securities:</b>								
<b>Bonds and obligations:</b>								
U.S. Government agency Obligations	26,993	27,022	22,398	22,434	25,476	25,421	33,495	33,641
Mortgage-backed and related securities	60,029	61,630	57,952	60,169	57,983	59,788	52,888	55,102
Corporate debt securities					500	501	500	500
Municipal obligations	5,534	5,886	5,869	6,280	6,015	6,182	4,638	4,803
Trust preferred securities	750	762	750	717	750	732	750	628
Equity securities				74		126	748	799
Unrealized gain (loss) on securities available for sale	894		1,295		1,180		1,350	
Total investment securities	94,200	95,300	88,264	89,674	91,904	92,750	94,369	95,473
Total short-term investments and investment securities	\$ 103,131	\$ 104,231	\$ 96,866	\$ 98,276	\$ 98,160	\$ 99,006	\$ 110,283	\$ 111,387

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The following table sets forth the scheduled maturities, carrying values and average yields for Mayflower Co-Operative Bank's investment portfolio at March 31, 2013

	One Year or Less		One to Five Years		Five to Ten Years		More than Ten Years		Total Investment Portfolio	
	Book Value	Weighted Average Yield	Book Value	Weighted Average Yield	Book Value	Weighted Average Yield	Book Value	Weighted Average Yield	Book Value	Weighted Average Yield
<b>Securities held to maturity:</b>										
U.S. Government agency obligations	\$		\$ 7,998	1.01%	\$ 3,999	1.24%	\$		\$ 11,997	1.09%
Mortgage-backed and related securities (1)	67	4.16%	15,240	3.41%	15,678	1.98%			30,985	2.69%
Municipal obligations (1)					2,256	3.91%	714	3.07%	2,970	3.71%
<b>Total</b>	<b>\$ 67</b>	<b>4.16%</b>	<b>\$ 23,238</b>	<b>2.58%</b>	<b>\$ 21,933</b>	<b>2.04%</b>	<b>\$ 714</b>	<b>3.07%</b>	<b>\$ 45,952</b>	<b>2.34%</b>
<b>Securities available for sale:</b>										
U.S. Government agency obligations	\$		\$ 13,512	0.99%	\$ 1,501	1.40%	\$		\$ 15,013	1.03%
Mortgage-backed and related securities (1)	9	4.00%	15,605	2.92%	14,147	2.21%			29,761	2.58%
Municipal obligations					1,621	2.95%	1,091	3.31%	2,712	3.09%
Trust preferred securities							762	7.08%	762	7.08%
<b>Total</b>	<b>\$ 9</b>	<b>4.00%</b>	<b>\$ 29,117</b>	<b>2.02%</b>	<b>\$ 17,269</b>	<b>2.21%</b>	<b>\$ 1,853</b>	<b>4.86%</b>	<b>\$ 48,248</b>	<b>2.20%</b>

- (1) For purposes of the maturity table, mortgage-backed and asset-backed securities, which are not due at a single maturity date, have been allocated to maturity groups based on the weighted average estimated life of the underlying collateral.

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### **Savings Activities and Other Sources of Funds**

**General.** Savings accounts and other types of deposits have traditionally been an important source of funds for use in lending and for other general business purposes. Mayflower Co-Operative Bank also derives funds from loan amortization and repayments, sales of securities and loans, and from other operations. The availability of funds is influenced by general interest rates and other market conditions. Scheduled loan repayments are a relatively stable source of funds while deposit inflows and outflows can vary widely and are influenced by prevailing interest rates and money market conditions. Borrowings may be used on a short-term basis to compensate for reductions in deposits or deposit inflows at less than projected levels and may be used on a longer term basis to support expanded lending and investment activity.

**Deposits.** Mayflower Co-Operative Bank's deposit accounts consist of regular savings, NOW and commercial checking accounts, money market deposit and term certificates of deposit. During the year ended March 31, 2013, deposits, including interest credited, increased by \$9.1 million to \$235.7 million from \$226.6 million at March 31, 2012. As of March 31, 2013, 16.7% of Mayflower Co-Operative Bank's total deposits were in money market deposit accounts, 21.9% were in regular savings accounts, 33.1% were in term certificates of deposit and 28.3% were in NOW and demand deposit accounts. At March 31, 2013, retirement account balances totaled \$15.4 million, or 6.5% of total deposits.

Substantially all of Mayflower Co-Operative Bank's deposit accounts are derived from customers who reside or work in its market area, and from businesses located in that area. Mayflower Co-Operative Bank also encourages borrowers to maintain deposit accounts at Mayflower Co-Operative Bank.

Mayflower Co-Operative Bank prices its deposit products on the basis of its deposit objectives, cash flow requirements, the cost of available alternatives and rates offered by competitors. Mayflower Co-Operative Bank believes that its rates on money market deposit accounts and term certificate accounts are generally competitive with rates offered by other financial institutions in its market area. Mayflower Co-Operative Bank's management reviews the interest rate offered on term certificates weekly and establishes new rates as market and other conditions warrant. The interest rates on money market deposit accounts are reviewed and adjusted monthly based on market conditions. From time to time, Mayflower Co-Operative Bank may offer promotional gifts, premium interest rates or different terms in order to attract deposits.

Mayflower Co-Operative Bank has further enhanced its delivery systems by providing online banking, mobile banking, telephone banking and automatic teller machine ( ATM ) and debit cards. Mayflower Co-Operative Bank has no brokered deposit accounts and does not intend to solicit or to accept such deposits. Mayflower Co-Operative Bank does not actively solicit certificate of deposit accounts over \$100,000, but may accept them or negotiate premium interest rates on such deposits, as circumstances dictate.



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**Deposit Accounts.** The following table shows the distribution of Mayflower Co-Operative Bank's deposit accounts and the average rate paid on such deposits at the dates indicated.

	At March 31, 2013			At March 31, 2012			At April 30, 2011			At April 30, 2010		
	Amount	Percent to Total	Average Rate	Amount	Percent to Total	Average Rate	Amount	Percent to Total	Average Rate	Amount	Percent to Total	Average Rate
	(Dollars in thousands)											
Demand deposits and official checks	\$ 22,634	9.6%		\$ 19,954	8.8%		\$ 20,525	9.3%		\$ 19,728	8.7%	
NOW accounts	43,972	18.7	0.09	37,955	16.7	0.14	33,649	15.2	0.20	32,598	14.5	0.20
Regular savings	51,676	21.9	0.10	42,770	18.9	0.10	38,150	17.3	0.25	34,849	15.5	0.25
Money market deposit accounts	39,324	16.7	0.29	39,341	17.4	0.35	36,650	16.6	0.54	38,527	17.1	0.82
Total noncertificate accounts	157,606	66.9	0.13	140,020	61.8	0.17	128,974	58.4	0.28	125,702	55.8	0.37
Certificate accounts	78,077	33.1	0.83	86,542	38.2	1.04	92,049	41.6	1.24	99,615	44.2	1.50
Total deposits	\$ 235,683	100.0%	0.36%	\$ 226,562	100.0%	0.50%	\$ 221,023	100.0%	0.68%	\$ 225,317	100.0%	0.87%

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**Certificates of Deposit.** The following table sets forth Mayflower Co-Operative Bank's time deposits classified by interest rate at the dates indicated.

	At March 31,		At April 30,	
	2013	2012	2011	2010
Under 2.00%	\$ 71,764	\$ 78,976	\$ 81,897	\$ 88,077
2.00 3.99%	6,313	7,531	9,303	9,209
4.00 5.99%		35	849	2,329
6.00 7.99%				
<b>Total</b>	<b>\$ 78,077</b>	<b>\$ 86,542</b>	<b>\$ 92,049</b>	<b>\$ 99,615</b>

The following table sets forth the amount and maturities of Mayflower Co-Operative Bank's time deposits at March 31, 2013.

Rate	Less Than One Year	One to Two Years	Amount Due		Total
			Two to Three Years (In thousands)	After Three Years	
Under 2.00%	\$ 51,580	\$ 14,612	\$ 3,092	\$ 2,480	\$ 71,764
2.00 3.99%	689	1,712	3,309	603	6,313
4.00 5.99%					
6.00 7.99%					
<b>Total</b>	<b>\$ 52,269</b>	<b>\$ 16,324</b>	<b>\$ 6,401</b>	<b>\$ 3,083</b>	<b>\$ 78,077</b>

The following table indicates the amount of Mayflower Co-Operative Bank's certificates of deposit of \$100,000 or more by time remaining until maturity as of March 31, 2013.

Maturity Period	Certificates Of Deposit
(In thousands)	
Three months or less	\$ 7,895
Over three through six months	3,432
Over six through 12 months	6,929
Over 12 months	12,842
<b>Total</b>	<b>\$ 31,098</b>

For further information concerning Mayflower Co-Operative Bank's deposits, see Note G of Mayflower's Notes to Consolidated Financial Statements.

**Borrowings.** Savings deposits and loan repayments are the primary source of funds for Mayflower Co-Operative Bank's lending and investment activities and for its general business purposes. From time to time, Mayflower Co-Operative Bank also borrows funds from the FHLB of Boston to meet loan demand and to take advantage of other investment opportunities. All advances from the FHLB are secured by certain unencumbered residential mortgage loans held by Mayflower Co-Operative Bank. At March 31, 2013, Mayflower Co-Operative Bank had \$1.0 million in outstanding borrowings from the FHLB of Boston. Additional established sources of liquidity include the Federal Reserve System and The Co-Operative Central Bank Reserve Fund. For further information concerning Mayflower Co-Operative Bank's borrowings and available lines of credit, see Note H of Mayflower's Notes to Consolidated Financial Statements.



**Table of Contents****Subsidiary Activities**

Mayflower Co-Operative Bank has a wholly owned subsidiary, MFLR Securities Corporation ( MFLR ), incorporated under the laws of Massachusetts as a securities corporation to invest in securities. As a Massachusetts securities corporation, MFLR is limited to buying, selling and holding investment securities for its own account which would not differ from Mayflower Co-Operative Bank's ability to invest in the same types of securities. Massachusetts securities corporations are afforded a substantially lower state tax rate than Mayflower Co-Operative Bank on investment income earned on securities held in their portfolios. At March 31, 2013, Mayflower Co-Operative Bank's investment in MFLR totaled \$20.2 million, all of which was used to buy, sell and hold investment securities.

Mayflower Co-Operative Bank has a second wholly owned subsidiary, Mayflower Plaza, LLC, incorporated under the laws of Massachusetts as a limited liability corporation. This entity was formed to take ownership of a small retail plaza in Lakeville, Massachusetts, on which Mayflower Co-Operative Bank has constructed its Lakeville office. The approximate investment in this entity is currently \$354,000.

**Performance Ratios**

The table below sets forth certain performance ratios of Mayflower Co-Operative Bank at or for the dates indicated.

	At or for the Year Ended March 31 2013	At or for the Eleven Months Ended March 31, 2012	At or for the Year Ended April 30, 2011	2010
Return on average assets (net earnings divided by average total assets)	0.58%	0.53%	0.54%	0.47%
Return on average stockholders' equity (net earnings divided by average stockholder's equity)	6.56	6.15	6.41	5.83
Dividend payout ratio (dividends declared per share divided by net earnings per share)	33.75	40.87	37.37	50.21
Interest rate spread (combined weighted average interest rate earned less combined weighted average interest rate cost)	3.39	3.62	3.77	3.53
Ratio of average interest-earning assets to average interest-bearing liabilities	102.58	101.44	100.36	99.93
Ratio of noninterest expense to average total assets	3.10	2.91	3.30	3.16

**Table of Contents****Interest Rate Sensitivity Gap Analysis**

The following table presents Mayflower Co-Operative Bank's interest sensitivity gap between interest-earning assets and interest-bearing liabilities at March 31, 2013. In addition the table indicates Mayflower Co-Operative Bank's interest sensitivity gap at various periods and the ratio of Mayflower Co-Operative Bank's interest-earning assets to interest-bearing liabilities at various periods. Term certificates are based upon contractual maturities.

	One Year or Less	Over One Through Three Years	Over Three Through Five Years	Over Five Through Ten Years	Over Ten Through Twenty Years	Over Twenty Years	Total
<b>Interest-sensitive assets:</b>							
Interest-bearing deposits in banks	\$ 8,931	\$	\$	\$	\$	\$	\$ 8,931
Investment securities (1)	2,964	389	22,015	10,722	49,072	9,038	94,200
Federal Home Loan Bank stock	1,252						1,252
Deposits with The Co-Operative Central Bank	449						449
Fixed-rate mortgages	6,295	5,108	2,540	9,099	15,894	37,443	76,379
Adjustable-rate residential and commercial mortgage loans	19,815	10,331	8,619	2,209	1,588		42,562
Commercial loans	3,102	279	407	552			4,340
Home equity lines of credit	14,736	774	203				15,713
Consumer loans	704	276	286	195			,461
<b>Total loans</b>	<b>44,652</b>	<b>16,768</b>	<b>12,055</b>	<b>12,055</b>	<b>17,482</b>	<b>37,443</b>	<b>40,455</b>
<b>Total interest-sensitive assets</b>	<b>\$ 58,248</b>	<b>\$ 17,157</b>	<b>\$ 34,070</b>	<b>\$ 22,777</b>	<b>\$ 66,554</b>	<b>\$ 46,481</b>	<b>\$ 245,287</b>
<b>Interest-sensitive liabilities:</b>							
Money market accounts	\$ 39,324	\$	\$	\$	\$	\$	\$ 39,324
Certificates of deposit	52,269	22,725	3,083				78,077
NOW accounts (2)	43,972						43,972
Regular savings (2)	51,676						51,676
Borrowed funds			1,000				1,000
<b>Total interest-sensitive liabilities</b>	<b>\$ 187,241</b>	<b>\$ 22,725</b>	<b>\$ 4,083</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 214,049</b>
<b>Interest sensitivity gap</b>	<b>\$ (128,993)</b>	<b>\$ (5,568)</b>	<b>\$ 29,987</b>	<b>\$ 22,777</b>	<b>\$ 66,554</b>	<b>\$ 46,481</b>	<b>\$ 31,238</b>
<b>Cumulative interest sensitivity gap</b>	<b>\$ (128,993)</b>	<b>\$ (134,561)</b>	<b>\$ (104,574)</b>	<b>\$ (81,797)</b>	<b>\$ (15,243)</b>	<b>\$ 31,238</b>	
<b>Ratio of interest-sensitive assets to interest-sensitive liabilities</b>	<b>31.11%</b>	<b>75.50%</b>	<b>834.44%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>114.59%</b>
<b>Cumulative rate of interest-sensitive assets to interest-sensitive liabilities</b>	<b>31.11%</b>	<b>35.91%</b>	<b>51.14%</b>	<b>61.79%</b>	<b>92.88%</b>	<b>114.59%</b>	

- (1) Equity securities, including preferred stocks that have no maturity date are shown in one year or less. Trust preferred securities are shown in the Over Twenty Years column. Fixed-rate mortgage-backed and asset-backed securities are shown on their final maturity date. Adjustable-rate mortgage-backed securities are shown on the next repricing date.
- (2) Subject to repricing on a monthly basis.



**Table of Contents****Rate/Volume Analysis**

The effect on net interest income as a result of changes in interest rates and in the amount of interest-earning assets and interest-bearing liabilities is shown in the following table. Information is provided on changes for the periods indicated attributable to (1) changes in volume (change in average balance multiplied by prior period yield), (2) changes in interest rates (changes in yield multiplied by prior period average balance), and (3) the combined effect of changes in interest rates and volume (changes in yield multiplied by changes in average balance).

	Year Ended March 31, 2013 vs. Eleven Months Ended March 31, 2012					Eleven Months Ended March 31, 2012 vs. Year Ended April 30, 2011					Year Ended April 30, 2011 vs. 2010			
	Changes Due to Increase (Decrease)					Changes Due to Increase (Decrease)					Changes Due to Increase (Decrease)			
	Total	Volume	Rate	Rate/ Volume	Short Period	Total	Volume	Rate	Rate/ Volume	Short Period	Total	Volume	Rate	Rate/ Volume
Interest income:														
Loans	\$ 603	\$ 664	\$ (585)	\$ (56)	\$ 580	\$ (818)	\$ 39	\$ (276)	\$ (1)	(580)	\$ (211)	\$ 113	\$ (319)	\$ (5)
Investments	(565)	(177)	(666)	40	238	(597)	67	(418)	(8)	(238)	(653)	(115)	(555)	17
Total	38	487	(1,251)	(16)	818	(1,415)	106	(694)	(9)	(818)	(864)	(2)	(874)	12
Interest expense:														
Deposits	(224)	14	(344)	(4)	110	(504)	51	(432)	(13)	(110)	(1,194)	67	(1,233)	(28)
Borrowings	(54)	(62)	(3)	2	9	(107)	(113)	32	(17)	(9)	(227)	(228)	2	(1)
Total	(278)	(48)	(347)	(2)	119	(611)	(62)	(400)	(30)	(119)	(1,421)	(161)	(1,231)	(29)
Increase (decrease) in net interest and dividend income	\$ 316	\$ 535	\$ (904)	\$ (14)	\$ 699	\$ (804)	\$ 168	\$ (294)	\$ 21	\$ (699)	\$ 557	\$ 159	\$ 357	\$ 41

**Table of Contents****Average Balance Sheet**

The following table sets forth certain information relating to Mayflower Co-Operative Bank's average balance sheet and reflects the average yield on assets and average cost of liabilities for the periods indicated and the average yields earned and rates paid at the dates indicated. Such yields and costs are derived by dividing income or expense by the average balance of assets or liabilities, respectively, for the periods presented. Average balances are derived using average daily balances.

	Year Ended March 31, 2013			Eleven Months Ended March 31, 2012				2011	Year Ended April 30,		2010	Average Yield/Cost
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost	Average Balance		Interest	Average Yield/Cost		
Interest-earning assets:												
Accounts receivable	\$ 138,048	\$ 6,978	5.05%	\$ 126,006	\$ 6,375	5.52%	\$ 125,333	\$ 7,193	5.74%	\$ 123,447	\$ 7,404	6.00%
Investments	97,529	2,060	2.11	105,782	2,625	2.48	100,176	3,222	3.22	101,731	3,875	3.81
Total interest-earning assets	\$ 235,577	9,038	3.84	\$ 231,788	9,000	4.24	\$ 225,509	10,415	4.62	\$ 225,178	11,279	5.01
Interest-bearing liabilities:												
Deposits	\$ 228,651	\$ 983	0.43	\$ 226,181	\$ 1,207	0.58	\$ 219,644	1,711	0.78	\$ 214,700	2,905	1.35
Drawings	1,000	46	4.60	2,309	100	4.72	5,051	207	4.10	10,634	434	4.08
Total interest-bearing liabilities	\$ 229,651	1,029	0.45	\$ 228,490	1,307	0.62	\$ 224,695	1,918	0.85	\$ 225,334	3,339	1.48
Interest income		\$ 8,009			\$ 7,693			\$ 8,497			\$ 7,940	
Interest rate spread			3.39%			3.62%			3.77%			3.53%
Ratio of average interest-earning assets to average interest-bearing liabilities			102.58%			101.44%			100.36%			99.93%



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**Table of Contents****Regulation and Supervision of Mayflower**

**General.** Mayflower is a bank holding company subject to regulation by the Federal Reserve Board under Mayflower Co-Operative Bank Holding Company Act of 1956, as amended (the BHCA ). As a result, the activities of Mayflower are subject to certain limitations, which are described below. In addition, as a bank holding company, Mayflower is required to file annual and quarterly reports with the Federal Reserve Board and to furnish such additional information as the Federal Reserve Board may require pursuant to the BHCA. Mayflower is also subject to regular examination by and the enforcement authority of the Federal Reserve Board.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act ) significantly changed the current bank regulatory structure and affected the lending, investment, trading and operating activities of financial institutions and their holding companies. Additionally, the Dodd-Frank Act created a new Consumer Financial Protection Bureau as an independent bureau of the Federal Reserve Board. The Consumer Financial Protection Bureau assumed responsibility for the implementation of the federal financial consumer protection and fair lending laws and regulations and has authority to impose new requirements. However, institutions of less than \$10 billion in assets, such as Mayflower Co-Operative Bank, will continue to be examined for compliance with consumer protection and fair lending laws and regulations by, and be subject to the enforcement authority of, their prudential regulators. Many of the provisions of the Dodd-Frank Act require the issuance of regulations before their impact on operations can be fully assessed by management. However, there is a significant possibility that the Dodd-Frank Act will, at a minimum, result in increased regulatory burden and compliance costs for Mayflower and Mayflower Co-Operative Bank.

Certain of the regulatory requirements that are applicable to Mayflower and Mayflower Co-Operative Bank are described below. This description of statutes and regulations is not intended to be a complete explanation of such statutes and regulations and their effects on us.

**Activities.** With certain exceptions, the BHCA prohibits a bank holding company from acquiring direct or indirect ownership or control of more than 5% of the voting shares of a company that engages directly or indirectly in activities other than those of banking, managing or controlling banks, or providing services for its subsidiaries. The principal exceptions to these prohibitions involve certain non-bank activities which, by statute or by Federal Reserve Board regulation or order, have been identified as activities closely related to the business of banking. The activities of Mayflower are subject to these legal and regulatory limitations under the BHCA and the related Federal Reserve Board regulations. Notwithstanding the Federal Reserve Board's prior approval of specific nonbanking activities, the Federal Reserve Board has the power to order a holding company or its subsidiaries to terminate any activity, or to terminate its ownership or control of any subsidiary, when it has reasonable cause to believe that the continuation of such activity or such ownership or control constitutes a serious risk to the financial safety, soundness or stability of any bank subsidiary of that holding company.

Effective with the enactment of the Gramm-Leach-Bliley Act (the G-L-B Act ) on November 12, 1999, bank holding companies that are well capitalized and well managed and whose financial institution subsidiaries are well capitalized and well managed and have satisfactory or better Community Reinvestment Act ( CRA ) records can elect to become financial holding companies which are permitted to engage in a broader range of financial activities than are permitted to bank holding companies, including investment banking and insurance companies. Financial holding companies are authorized to engage in, directly or indirectly, financial activities. A financial activity is an activity that is: (i) financial in nature; (ii) incidental to an activity that is financial in nature; or (iii) complementary to a financial activity and that does not pose a safety and soundness risk. Such activities can include insurance underwriting and investment banking. The G-L-B Act includes a list of activities that are deemed to be financial in nature. Other activities also may be decided by the Federal Reserve Board to be financial in nature or incidental thereto if they meet specified criteria. A financial holding company that intends to engage in a new activity or to acquire a company to engage in such an activity is required to give prior notice to the Federal Reserve Board. If the activity is not either specified in the G-L-B Act as being a financial activity or one that the Federal Reserve Board has determined by rule or regulation to be financial in nature, the prior approval of the Federal Reserve Board is required. Mayflower has not, up to this time, opted to become a financial holding company.

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**Acquisitions.** Under the BHCA, a bank holding company must obtain the prior approval of the Federal Reserve Board before (1) acquiring direct or indirect ownership or control of any voting shares of any bank or bank holding company if, after such acquisition, the bank holding company would directly or indirectly own or control more than 5% of such shares; (2) acquiring all or substantially all of the assets of another bank or bank holding company; or (3) merging or consolidating with another bank holding company. Satisfactory financial condition, particularly with regard to capital adequacy, and satisfactory CRA ratings are generally prerequisites to obtaining federal regulatory approval to make acquisitions.

Under the BHCA, any company must obtain approval of the Federal Reserve Board prior to acquiring control of Mayflower or Mayflower Co-Operative Bank. For purposes of the BHCA, control is defined as ownership of more than 25% of any class of voting securities of Mayflower or Mayflower Co-Operative Bank, the ability to control the election of a majority of the directors, or the exercise of a controlling influence over management or policies of Mayflower or Mayflower Co-Operative Bank. In addition, the Change in Bank Control Act and the related regulations of the Federal Reserve Board require any person or persons acting in concert (except for companies required to make application under the BHCA), to file a written notice with the Federal Reserve Board before such person or persons may acquire control of Mayflower or Mayflower Co-Operative Bank. The Change in Bank Control Act defines control as the power, directly or indirectly, to vote 25% or more of any voting securities or to direct the management or policies of a bank holding company or an insured bank. There is a presumption of control where the acquiring person will own, control or hold with power to vote 10% or more of any class of voting security of a bank holding company or insured bank if, like Mayflower, the company involved has registered securities under Section 12 of the Securities Exchange Act of 1934.

Under Massachusetts banking law, prior approval of the Massachusetts Division of Banks is also required before any person may acquire control of a Massachusetts bank or bank holding company. Massachusetts law generally prohibits a bank holding company from acquiring control of an additional bank if the bank to be acquired has been in existence for less than three years or, if after such acquisition, the bank holding company would control more than 30% of the FDIC-insured deposits in the Commonwealth of Massachusetts.

**Capital Requirements.** The Federal Reserve Board has adopted guidelines regarding the capital adequacy of bank holding companies, which require bank holding companies to maintain specified minimum ratios of capital to total assets and capital to risk-weighted assets. The Dodd-Frank Act requires the Federal Reserve Board to adopt consolidated capital requirements for holding companies that are equally as stringent as those applicable to the depository institution subsidiaries. That means that certain instruments that had previously been includable in Tier 1 capital for bank holding companies, such as trust preferred securities, will no longer be included. The revised capital requirements are subject to certain grandfathering and transition rules. See *Regulation and Supervision of Mayflower Co-Operative Bank Capital Requirements*.

**Dividends.** The Federal Reserve Board has the power to prohibit dividends by bank holding companies if their actions constitute unsafe or unsound practices. The Federal Reserve Board has issued a policy statement on the payment of cash dividends by bank holding companies, which expresses the Federal Reserve Board's view that a bank holding company should pay cash dividends only to the extent that the company's net income for the past year is sufficient to cover both the cash dividends and a rate of earnings retention that is consistent with the company's capital needs, asset quality and overall financial condition. The Federal Reserve Board also indicated that it would be inappropriate for a bank holding company experiencing serious financial problems to borrow funds to pay dividends. Under the prompt corrective action regulations adopted by the Federal Reserve Board pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991 ( FDICIA ), the Federal Reserve Board may prohibit a bank holding company from paying any dividends if the holding company's bank subsidiary is classified as undercapitalized or worse. See *Regulation and Supervision of Mayflower Co-Operative Bank Prompt Corrective Regulatory Action*. The Federal Reserve Board has a policy under which bank holding companies are required to serve as a source of strength for their depository subsidiaries by providing capital, liquidity and other resources in times of financial distress. The Dodd-Frank Act codified the source of strength doctrine and requires the issuance of implementing regulations.

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**Stock Repurchases.** Bank holding companies are required to give the Federal Reserve Board prior written notice of any purchase or redemption of its outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding 12 months, is equal to 10% or more of Mayflower's consolidated net worth. The Federal Reserve Board may disapprove such a purchase or redemption if it determines that the proposal would violate any law, regulation, Federal Reserve Board order, directive or any condition imposed by, or written agreement with, the Federal Reserve Board. This requirement does not apply to bank holding companies that are well-capitalized, received one of the two highest examination ratings at their last examination and are not the subject of any unresolved supervisory issues.

**The Sarbanes Oxley Act of 2002** implemented legislative reforms intended to address corporate and accounting fraud. The Sarbanes-Oxley Act restricted the scope of services that may be provided by accounting firms to their public company audit clients and any non-audit services being provided to a public company audit client will require pre-approval by the company's audit committee. In addition, the Sarbanes-Oxley Act required chief executive officers and chief financial officers, or their equivalents, to certify to the accuracy of periodic reports filed with the Securities and Exchange Commission, subject to civil and criminal penalties if they knowingly or willingly violate this certification requirement.

Under the Sarbanes-Oxley Act, bonuses issued to top executives before restatement of a company's financial statements are subject to disgorgement if such restatement was due to corporate misconduct. Executives are also prohibited from insider trading during retirement plan blackout periods and loans to company executives (other than loans by financial institutions permitted by federal rules and regulations) are restricted. The legislation accelerated the time frame for disclosures by public companies of changes in ownership in a company's securities by directors and executive officers.

The Sarbanes-Oxley Act also increased the oversight of, and codifies certain requirements relating to audit committees of public companies and how they interact with the company's registered public accounting firm. Among other requirements, companies must disclose whether at least one member of the audit committee is a financial expert (as such term is defined by the Securities and Exchange Commission) and if not, why not.

Pursuant to Section 404 of the Sarbanes-Oxley Act, we are required to report on our assessment of the effectiveness of our internal controls over financial reporting in this proxy statement/prospectus. Mayflower is currently considered a smaller reporting company with the SEC and is not required to comply with Section 404 of the Sarbanes-Oxley Act of 2002 requirements regarding external auditor attestation of internal controls over financial reporting.

### **Regulation and Supervision of Mayflower Co-Operative Bank**

**General.** Mayflower Co-Operative Bank is subject to extensive regulation by the Massachusetts Commissioner of Banks (the Commissioner) and the FDIC. The lending activities and other investments of Mayflower Co-Operative Bank must comply with various federal regulatory requirements. The Commissioner and FDIC periodically examine Mayflower Co-Operative Bank for compliance with these regulatory requirements and Mayflower Co-Operative Bank must regularly file reports with the Commissioner and the FDIC describing its activities and financial condition. Mayflower Co-Operative Bank is also subject to certain reserve requirements promulgated by the Board of Governors of the Federal Reserve System (the Federal Reserve Board). This supervision and regulation is intended primarily for the protection of depositors.

**Massachusetts State Law.** As a Massachusetts-chartered co-operative bank, Mayflower Co-Operative Bank is subject to the applicable provisions of Massachusetts law and the regulations of the Commissioner adopted thereunder. Mayflower Co-Operative Bank derives its lending and investment powers from these laws, and is subject to periodic examination and reporting requirements by and of the Commissioner. Certain powers granted under Massachusetts law may be constrained by federal regulation. In addition, Mayflower Co-Operative Bank is required to make periodic reports to The Co-Operative Central Bank, Mayflower Co-Operative Bank's

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excess deposit insurer. The approval of the Commissioner is required prior to any merger or consolidation, or the establishment or relocation of any branch office. Massachusetts cooperative banks are subject to the enforcement authority of the Commissioner who may suspend or remove directors or officers, issue cease and desist orders and appoint conservators or receivers in appropriate circumstances. Co-Operative banks are required to pay fees and assessments to the Commissioner to fund that office's operations. The cost of state examination fees and assessments for the year ended March 31, 2013 was \$30,000.

**Capital Requirements.** Under FDIC regulations, state-chartered banks that are not members of the Federal Reserve System are required to maintain a minimum leverage capital requirement consisting of a ratio of Tier 1 capital to total assets of 3% if the FDIC determines that the institution is not anticipating or experiencing significant growth and has well-diversified risk, including no undue interest rate risk exposure, excellent asset quality, high liquidity, good earnings and in general a strong banking organization, rated composite 1 under the Uniform Financial Institutions Rating System (the CAMELS rating system) established by the Federal Financial Institutions Examination Council. For all but the most highly rated institutions meeting the conditions set forth above, the minimum leverage capital ratio is not less than 4%. Tier 1 capital is the sum of common stockholders' equity, noncumulative perpetual preferred stock (including any related surplus) and minority interests in consolidated subsidiaries, minus all intangible assets (other than certain mortgage servicing rights, purchased credit card relationships and qualifying supervisory goodwill) minus identified losses, disallowed deferred tax assets and investments in financial subsidiaries and certain non-financial equity investments.

In addition to the leverage ratio (the ratio of Tier 1 capital to total average assets), state-chartered nonmember banks must maintain a minimum ratio of qualifying total capital to risk-weighted assets of at least 8%, of which at least half must be Tier 1 capital. Qualifying total capital consists of Tier 1 capital plus Tier 2 or supplementary capital items. Tier 2 capital items include allowances for loan losses in an amount of up to 1.25% of risk-weighted assets, cumulative preferred stock and preferred stock with a maturity of over 20 years, certain other capital instruments and up to 45% of pre-tax net unrealized holding gains on equity securities. The includable amount of Tier 2 capital cannot exceed the institution's Tier 1 capital. Qualifying total capital is further reduced by the amount of the bank's investments in banking and finance subsidiaries that are not consolidated for regulatory capital purposes, reciprocal cross-holdings of capital securities issued by other banks, most intangible assets and certain other deductions. Under the FDIC risk-weighted system, all of a bank's balance sheet assets and the credit equivalent amounts of certain off-balance sheet items are assigned to one of four broad risk weight categories from 0% to 100%, based on the risks inherent in the type of assets or item. The aggregate dollar amount of each category is multiplied by risk weight assigned to that category. The sum of these weighted values equals Mayflower Co-Operative Bank's risk-weighted assets.

At March 31, 2013, Mayflower Co-Operative Bank's ratio of core Tier 1 capital to total average assets was 8.6%, its ratio of Tier 1 capital to risk-weighted assets was 16.7% and its ratio of total risk-based capital to risk-weighted assets was 17.7%. Capital ratios for Mayflower were 8.6%, 16.7% and 17.7%, respectively.

The current risk-based capital guidelines that apply to Mayflower Co-Operative Bank are based on the 1988 capital accord of the International Basel Committee on Banking Supervision (the Basel Committee), a committee of central banks and bank supervisors, as implemented by the Federal Reserve Board. In 2004, the Basel Committee published a new capital accord, which is referred to as Basel II, to replace Basel I. Basel II provides two approaches for setting capital standards for credit risk: an internal ratings-based approach tailored to individual institutions' circumstances and a standardized approach that bases risk weightings on external credit assessments to a much greater extent than permitted in existing risk-based capital guidelines, which became effective in 2008 for large international banks (total assets of \$250 billion or more or consolidated foreign exposure of \$10 billion or more). Other U.S. banking organizations can elect to adopt the requirements of this rule (if they meet applicable qualification requirements), but they are not required to apply them. Basel II emphasizes internal assessment of credit, market and operational risk, as well as supervisory assessment and market discipline in determining minimum capital requirements.

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In December 2010 and January 2011, the Basel Committee published the final texts of reforms on capital and liquidity, which is referred to as Basel III. Although Basel III is intended to be implemented by participating countries for large, internationally active banks, its provisions are likely to be considered by United States banking regulators in developing new regulations applicable to other banks in the United States. Basel III will require bank holding companies and their bank subsidiaries to maintain substantially more capital, with a greater emphasis on common equity. The implementation of the Basel III final framework was to occur on January 1, 2013. The Federal Reserve and other government agencies responsible for implementing the Basel III framework announced in November 2012 that the originally proposed timeframe for the implementation of the rules was not achievable. No new deadline has been proposed. On January 1, 2013, banking institutions were going to be required to meet the following minimum capital ratios: (i) 3.5% Common Equity Tier 1 (generally consisting of common shares and retained earnings) to risk-weighted assets; (ii) 4.5% Tier 1 capital to risk-weighted assets; and (iii) 8.0% Total capital to risk-weighted assets. When fully phased-in on January 1, 2019, and if implemented by the U.S. banking agencies, Basel III will require banks to maintain:

a minimum ratio of Common Equity Tier 1 to risk-weighted assets of at least 4.5%, plus a 2.5% capital conservation buffer,

a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer,

a minimum ratio of Total capital to risk-weighted assets of at least 8.0%, plus the capital conservation buffer, and

a minimum leverage ratio of 3%, calculated as the ratio of Tier 1 capital to balance sheet exposures plus certain off-balance sheet exposures.

Basel III also includes the following significant provisions:

An additional countercyclical capital buffer to be imposed by applicable national banking regulators periodically at their discretion, with advance notice.

Restrictions on capital distributions and discretionary bonuses applicable when capital ratios fall within the buffer zone.

Deduction from common equity of deferred tax assets that depend on future profitability to be realized.

For capital instruments issued on or after January 13, 2013 (other than common equity), a loss-absorbency requirement that the instrument must be written off or converted to common equity if a triggering event occurs, either pursuant to applicable law or at the direction of the banking regulator. A triggering event is an event that would cause the banking organization to become nonviable without the write off or conversion, or without an injection of capital from the public sector.

Since the Basel III framework is not self-executing, the rules and standards promulgated under Basel III require that the U.S. federal banking regulators adopt them prior to becoming effective in the U.S. Although U.S. federal banking regulators have expressed support for Basel III, the timing and scope of its implementation, as well as any potential modifications or adjustments that may result during the implementation process, are not yet known.

**Dividend Limitations.** Mayflower Co-Operative Bank may not pay dividends on its capital stock if its regulatory capital would thereby be reduced below the amount then required for the liquidation account established for the benefit of certain depositors of Mayflower Co-Operative Bank at the time of its conversion to stock form.

Earnings of Mayflower Co-Operative Bank appropriated to bad debt reserves and deducted for federal income tax purposes are not available for payment of cash dividends or other distributions to stockholders without payment of taxes at the then current tax rate by Mayflower Co-Operative Bank on the amount of



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earnings removed from the reserves for such distributions. See *Federal and State Taxation*. Mayflower Co-Operative Bank intends to make full use of this favorable tax treatment and does not contemplate use of any earnings in a manner which would limit Mayflower Co-Operative Bank's bad debt deduction or create federal tax liabilities.

Under FDIC regulations, Mayflower Co-Operative Bank is prohibited from making any capital distributions if, after making the distribution, Mayflower Co-Operative Bank would have: (i) a total risk-based capital ratio of less than 8%; (ii) a Tier 1 risk-based capital ratio of less than 4%; or (iii) a leverage ratio of less than 4%.

**Investment Activities.** Under federal law, all state-chartered FDIC-insured banks have generally been limited to activities as principal and equity investments of the type and in the amount authorized for national banks, notwithstanding state law. The Federal Deposit Insurance Corporation Improvement Act and the FDIC permit exceptions to these limitations. For example, state chartered banks, such as Mayflower Co-Operative Bank, may, with FDIC approval, continue to exercise grandfathered state authority to invest in common or preferred stocks listed on a national securities exchange or the NASDAQ Global Market and in the shares of an investment company registered under federal law. In addition, the FDIC is authorized to permit such institutions to engage in state authorized activities or investments that do not meet this standard (other than non-subsidiary equity investments) for institutions that meet all applicable capital requirements if it is determined that such activities or investments do not pose a significant risk to the Deposit Insurance Fund. All nonsubsidiary equity investments, unless otherwise authorized or approved by the FDIC, must have been divested by December 19, 1996, under a FDIC-approved divestiture plan, unless such investments were grandfathered by the FDIC. Mayflower Co-Operative Bank received grandfathering authority from the FDIC to invest in listed stocks and/or registered shares. The maximum permissible investment is 100% of Tier 1 capital, as specified by the FDIC's regulations, or the maximum amount permitted by Massachusetts Banking Law, whichever is less. Such grandfathering authority may be terminated upon the FDIC's determination that such investments pose a safety and soundness risk to Mayflower Co-Operative Bank or if Mayflower Co-Operative Bank converts its charter or undergoes a change in control. As of March 31, 2013, Mayflower Co-Operative Bank had no equity securities that were held under such grandfathering authority.

**Insurance of Deposit Accounts.** Mayflower Co-Operative Bank's deposits are insured up to applicable limits by the Deposit Insurance Fund of the FDIC. Under the FDIC's risk-based assessment system, insured institutions are assigned to one of four risk categories based on supervisory evaluations, regulatory capital levels and certain other factors, with less risky institutions paying lower assessments. An institution's assessment rate depends upon the category to which it is assigned. The initial base assessment rates range from five to 35 basis points. The rate schedules will automatically adjust in the future when the Deposit Insurance Fund reaches certain milestones. No institution may pay a dividend if in default of the federal deposit insurance assessment. In February 2011, the FDIC adopted new rules that amend its current deposit insurance assessment regulations. The new rules implement a provision in the Dodd-Frank Act that changed the assessment base for deposit insurance premiums from one based on domestic deposits to one based on average consolidated total assets minus average tangible equity.

The FDIC imposed on all insured institutions a special emergency assessment of five basis points of total assets minus Tier 1 capital, as of June 30, 2009 (capped at ten basis points of an institution's deposit assessment base), in order to cover losses to the Deposit Insurance Fund. That special assessment was collected on September 30, 2009. In lieu of further special assessments, the FDIC required insured institutions to prepay estimated quarterly risk-based assessments for the fourth quarter of 2009 through the fourth quarter of 2012. That pre-payment, which included an assumed annual assessment base increase of 5%, were recorded as a prepaid expense asset as of December 30, 2009. As of December 31, 2009, and each quarter thereafter, a charge to earnings was recorded for each regular assessment with an offsetting credit to the prepaid asset.

Due to the recent difficult economic conditions, deposit insurance per account owner has been raised to \$250,000 for all types of accounts. That limit was made permanent by the Dodd-Frank Act.

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In addition to the assessment for deposit insurance, institutions are required to make payments on bonds issued in the late 1980s by the Financing Corporation to recapitalize a predecessor deposit insurance fund. That payment is established quarterly and during the year ended March 31, 2013 averaged approximately 0.65 of a basis point of assessable deposits.

The Dodd-Frank Act increased the minimum target Deposit Insurance Fund ratio from 1.15% of estimated insured deposits to 1.35% of estimated insured deposits. The FDIC must seek to achieve the 1.35% ratio by September 30, 2020. Insured institutions with assets of \$10 billion or more are supposed to fund the increase. The Dodd-Frank Act eliminated the 1.5% maximum fund ratio, instead leaving it to the discretion of the FDIC.

The FDIC has authority to increase insurance assessments. A significant increase in insurance premiums would likely have an adverse effect on the operating expenses and results of operations of Mayflower Co-Operative Bank. Management cannot predict what insurance assessment rates will be in the future.

Insurance of deposits may be terminated by the FDIC upon a finding that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC. The management of Mayflower Co-Operative Bank does not know of any practice, condition or violation that might lead to termination of deposit insurance.

All Massachusetts chartered co-operative banks are required to be members of the Share Insurance Fund. The Share Insurance Fund maintains a deposit insurance fund which insures all deposits in member banks which are not covered by federal insurance. In past years, a premium of 1/24 of 1% of insured deposits has been assessed annually on member banks such as Mayflower Co-Operative Bank for this deposit insurance. However, no premium has been assessed since 1985.

**Prompt Corrective Regulatory Action.** Federal banking regulators are required to take prompt corrective action if an insured depository institution fails to satisfy certain minimum capital requirements, including a leverage limit, a risk-based capital requirement and any other measure deemed appropriate by the federal banking regulators for measuring the capital adequacy of an insured depository institution. All institutions, regardless of their capital levels, are restricted from making any capital distribution or paying any management fees if the institution would thereafter fail to satisfy the minimum levels for any of its capital requirements. An institution that fails to meet the minimum level for any relevant capital measure (an undercapitalized institution ) may be: (i) subject to increased monitoring by the appropriate federal banking regulator; (ii) required to submit an acceptable capital restoration plan within 45 days; (iii) subject to asset growth limits; and (iv) required to obtain prior regulatory approval for acquisitions, branching and new lines of businesses. The capital restoration plan must include a guarantee by the institution's holding company that the institution will comply with the plan until it has been adequately capitalized on average for four consecutive quarters, under which the holding company would be liable up to the lesser of 5% of the institution's total assets or the amount necessary to bring the institution into capital compliance as of the date it failed to comply with its capital restoration plan. A significantly undercapitalized institution, as well as any undercapitalized institution that did not submit an acceptable capital restoration plan, may be subject to regulatory demands for recapitalization, broader application of restrictions on transactions with affiliates, limitations on interest rates paid on deposits, asset growth and other activities, possible replacement of directors and officers, and restrictions on capital distributions by any bank holding company controlling the institution. Any company controlling the institution could also be required to divest the institution or the institution could be required to divest subsidiaries. The senior executive officers of a significantly undercapitalized institution may not receive bonuses or increases in compensation without prior approval and the institution is prohibited from making payments of principal or interest on its subordinated debt. In their discretion, the federal banking regulators may also impose the foregoing sanctions on an undercapitalized institution if the regulators determine that such actions are necessary to carry out the purposes of the prompt corrective action provisions.



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Under regulations jointly adopted by the federal banking regulators, an institution's capital adequacy on the basis of the institution's total risk-based capital ratio (the ratio of its total capital to risk-weighted assets), Tier 1 risk-based capital ratio (the ratio of its core capital to risk-weighted assets) and leverage ratio (the ratio of its Tier 1 or core capital to adjusted total average assets). The following table shows the capital ratio requirements for each prompt corrective action category:

	Well Capitalized	Adequately Capitalized	Undercapitalized	Significantly Undercapitalized
Total risk-based capital ratio	10.0% or more	8.0% or more	Less than 8.0%	Less than 6.0%
Tier 1 risk-based capital ratio	6.0% or more	4.0% or more	Less than 4.0%	Less than 3.0%
Leverage ratio	5.0% or more	4.0% or more*	Less than 4.0%*	Less than 3.0%

\* 3.0% if institution has a composite 1 CAMELS rating.

If an institution's capital falls below the critically undercapitalized level, the institution is subject to conservatorship or receivership within specified timeframes. A critically undercapitalized institution is defined as an institution that has a ratio of tangible equity to total assets of less than 2.0%. Tangible equity is defined as core capital plus cumulative perpetual preferred stock (and related surplus) less all intangibles other than qualifying supervisory goodwill and certain purchased mortgage servicing rights. The FDIC may reclassify a well capitalized depository institution as adequately capitalized and may require an adequately capitalized or undercapitalized institution to comply with the supervisory actions applicable to associations in the next lower capital category (but may not reclassify a significantly undercapitalized institution as critically undercapitalized) if the FDIC determines, after notice and an opportunity for a hearing, that the institution is in an unsafe or unsound condition or that the institution has received and not corrected a less-than-satisfactory rating for any CAMELS rating category. For information regarding the position of Mayflower Co-Operative Bank with respect to the prompt corrective action rules, see Note P of Notes to Consolidated Financial Statements.

**Safety and Soundness Guidelines.** Under FDICIA, as amended by the Riegle Community Development and Regulatory Improvement Act of 1994 (the CDRI Act), each federal banking agency is required to establish safety and soundness standards for institutions under its authority. In 1995, these agencies, including the FDIC, released interagency guidelines establishing such standards and adopted rules with respect to safety and soundness compliance plans. The guidelines require savings institutions to maintain internal controls and information systems and internal audit systems that are appropriate for the size, nature and scope of the institution's business. The guidelines also establish certain basic standards for loan documentation, credit underwriting, interest rate risk exposure, and asset growth. The guidelines further provide that savings institutions should maintain safeguards to prevent the payment of compensation, fees and benefits that are excessive or that could lead to material financial loss, and should take into account factors such as comparable compensation practices at comparable institutions. If the agency determines that a savings institution is not in compliance with the safety and soundness guidelines, it may require the institution to submit an acceptable plan to achieve compliance with the guidelines. A savings institution must submit an acceptable compliance plan to the agency within 30 days of receipt of a request for such a plan. Failure to submit or implement a compliance plan may subject the institution to regulatory sanctions. Management believes that Mayflower Co-Operative Bank has met substantially all the standards adopted in the interagency guidelines.

Additionally under FDICIA, as amended by the CDRI Act, the federal banking agencies established standards relating to asset and earnings quality. Under the guidelines a savings institution should maintain systems, commensurate with its size and the nature and scope of its operations, to identify problem assets and prevent deterioration in those assets as well as to evaluate and monitor earnings and ensure that earnings are sufficient to maintain adequate capital and reserves. Management believes that the asset quality and earnings standards do not have a material effect on the operations of Mayflower Co-Operative Bank.

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**Federal Reserve System.** The Federal Reserve Board regulations require depository institutions to maintain noninterest-earning reserves against their transaction accounts (primarily NOW and regular checking accounts). The Federal Reserve Board regulations generally provide that reserves be maintained against aggregate transaction accounts as follows: for that portion of transaction accounts aggregating to \$79.5 million less an exemption of \$12.4 million (which may be adjusted annually by the FRB), the reserve requirement is 3%; and for accounts greater than \$71.0 million, the reserve requirement is 10% (which may be adjusted annually by the FRB between 8% and 14%) of the portion in excess of \$79.5 million. Mayflower Co-Operative Bank is in compliance with these requirements.

**Federal Home Loan Bank System.** Mayflower Co-Operative Bank is a member of the Federal Home Loan Bank system, which consists of 12 regional Federal Home Loan Banks. The Federal Home Loan Banks provide a central credit facility primarily for member institutions, and provide funds for certain other purposes including affordable housing programs. Mayflower Co-Operative Bank, as a member of the Federal Home Loan Bank of Boston ( FHLB of Boston ), is required to acquire and hold shares of capital stock in the FHLB of Boston. Mayflower Co-Operative Bank was in compliance with this requirement with an investment in FHLB of Boston stock at March 31, 2013 of \$1.3 million.

For the years ended April 30, 2011 and 2010, the eleven months ended March 31, 2012 and the year ended March 31, 2013, cash dividends from the FHLB of Boston to Mayflower Co-Operative Bank amounted to \$1,000, \$0, \$6,000 and \$7,000 respectively. Further, there can be no assurance that the impact of economic events or recent or future legislation on the Federal Home Loan Banks will not also cause a decrease in the value of the Federal Home Loan Bank stock held by Mayflower Co-Operative Bank.

**Loans to Executive Officers, Directors and Principal Stockholders.** Under federal law, loans to directors, executive officers and principal stockholders of a state non-member bank, like Mayflower Co-Operative Bank, must be made on substantially the same terms as those prevailing for comparable transactions with persons who are not executive officers, directors, principal stockholders or employees of Mayflower Co-Operative Bank unless the loan is made pursuant to a compensation or benefit plan that is widely available to employees and does not favor insiders. Loans to any executive officer, director and principal stockholder, together with all other outstanding loans to such person and affiliated interests, generally may not exceed 15% of the bank's unimpaired capital and surplus, and aggregate loans to such persons may not exceed the institution's unimpaired capital and unimpaired surplus. Loans to directors, executive officers and principal stockholders, and their respective affiliates, in excess of the greater of \$25,000 or 5% of capital and surplus (and any loan or loans aggregating \$500,000 or more) must be approved in advance by a majority of the board of directors of the bank with any interested director not participating in the voting. State non-member banks are prohibited from paying the overdrafts of any of their executive officers or directors unless payment is made pursuant to a written, pre-authorized interest-bearing extension of credit plan that specifies a method of repayment or transfer of funds from another account at the bank. Loans to executive officers may not be made on terms more favorable than those afforded other borrowers and are restricted as to type, amount and terms of credit. In addition, Section 106 of the BHCA prohibits extensions of credit to executive officers, directors and greater than 10% stockholders of a depository institution by any other institution which has a correspondent banking relationship with the institution, unless such extension of credit is on substantially the same terms as those prevailing at the time for comparable transactions with other persons and does not involve more than the normal risk of repayment or present other unfavorable features. Massachusetts law also contains restrictions on loans to directors and officers, some of which are more strict than federal law. Mayflower Co-Operative Bank does not lend to its directors, officers or employees, except on the basis of loans secured by deposits held by Mayflower Co-Operative Bank.

**Transactions with Affiliates.** A state non-member bank or its subsidiaries may not engage in covered transactions with any one affiliate in an amount greater than 10% of such bank's capital stock and surplus, and for all such transactions with all affiliates a state non-member bank is limited to an amount equal to 20% of capital stock and surplus. All such transactions must also be on terms substantially the same, or at least as favorable, to the bank or subsidiary as those provided to a non-affiliate. The term covered transaction includes

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the making of loans, purchase of assets, issuance of a guarantee and similar other types of transactions. Specified collateral requirements apply to covered transactions such as loans to and guarantees issued on behalf of an affiliate. An affiliate of a state non-member bank is any company or entity which controls or is under common control with the state non-member bank and, for purposes of the aggregate limit on transactions with affiliates, any subsidiary that would be deemed a financial subsidiary of a national bank. In a holding company context, the parent holding company of a state non-member bank and any companies which are controlled by such parent holding company are affiliates of the state non-member bank. Federal law further prohibits a depository institution from extending credit to or offering any other services, or fixing or varying the consideration for such extension of credit or service, on the condition that the customer obtain some additional service from the institution or certain of its affiliates or not obtain services of a competitor of the institution, subject to certain limited exceptions.

**Enforcement.** The FDIC has extensive enforcement authority over insured non-member banks, including Mayflower Co-Operative Bank. This enforcement authority includes, among other things, the ability to assess civil money penalties, to issue cease and desist orders and to remove directors and officers. In general, these enforcement actions may be initiated in response to violations of laws and regulations and unsafe or unsound practices.

The FDIC has authority under federal law to appoint a conservator or receiver for an insured bank under limited circumstances. The FDIC is required, with certain exceptions, to appoint a receiver or conservator for an insured state non-member bank if that bank was critically undercapitalized on average during the calendar quarter beginning 270 days after the date on which the institution became critically undercapitalized. See *Prompt Corrective Regulatory Action*. The FDIC may also appoint itself as conservator or receiver for an insured state non-member institution under specific circumstances on the basis of the institution's financial condition or upon the occurrence of other events, including: (1) insolvency; (2) substantial dissipation of assets or earnings through violations of law or unsafe or unsound practices; (3) existence of an unsafe or unsound condition to transact business; and (4) insufficient capital, or the incurring of losses that will deplete substantially all of the institution's capital with no reasonable prospect of replenishment without federal assistance.

**Community Reinvestment Act.** Under the Community Reinvestment Act, as implemented by FDIC regulations, a state non-member bank has a continuing and affirmative obligation consistent with its safe and sound operation to help meet the credit needs of its entire community, including low and moderate-income neighborhoods. The Community Reinvestment Act neither establishes specific lending requirements or programs for financial institutions nor limits an institution's discretion to develop the types of products and services that it believes are best suited to its particular community. The Community Reinvestment Act requires the FDIC, in connection with its examination of an institution, to assess the institution's record of meeting the credit needs of its community and to consider such record when it evaluates applications made by such institution. The Community Reinvestment Act requires public disclosure of an institution's Community Reinvestment Act rating. Mayflower Co-Operative Bank's latest Community Reinvestment Act rating received in March 2009 from the FDIC was Outstanding.

Mayflower Co-Operative Bank is also subject to similar obligations under Massachusetts Law, which has an additional CRA rating category. The Massachusetts Community Reinvestment Act requires the Massachusetts Banking Commissioner to consider a bank's Massachusetts Community Reinvestment Act rating when reviewing a bank's application to engage in certain transactions, including mergers, asset purchases and the establishment of branch offices or automated teller machines, and provides that such assessment may serve as a basis for the denial of such application. Mayflower Co-Operative Bank's latest Massachusetts Community Reinvestment Act rating received in March 2009 from the Massachusetts Division of Banks was Outstanding.

**Table of Contents****Federal and State Taxation**

**Federal Taxation.** In August 1996, Congress enacted the Small Business Protection Act of 1996. This legislation, effective for taxable years beginning after 1995, repealed the special tax treatment accorded thrift institutions, such as Mayflower Co-Operative Bank, which allowed for special provisions in calculating bad debt deductions for income tax purposes.

The most significant effect of this legislation is to suspend Mayflower Co-Operative Bank's tax bad debt reserve as of its base year (April 30, 1988). The legislation required Mayflower Co-Operative Bank to recognize any tax bad debt reserves in excess of this base year amount into taxable income over a six-year recapture period. The suspended base year amount would continue to be subject to recapture only upon the occurrence of specific events, such as complete or partial redemption of Mayflower Co-Operative Bank's stock or if Mayflower Co-Operative Bank failed to qualify as a bank for income tax purposes.

Prior to 1997, thrift institutions such as Mayflower Co-Operative Bank, were generally taxed as corporations. However, banks which met certain definitional tests and other conditions prescribed by the Internal Revenue Code of 1986, as amended (the Code) were allowed to establish a bad debt reserve and make annual additions thereto which may be taken as a deduction in computing net taxable income for federal income tax purposes. Mayflower Co-Operative Bank had generally elected to base its respective deductions on the percentage of taxable income method as it had resulted in Mayflower Co-Operative Bank taking the maximum allowable deduction.

Under the percentage of taxable income method, the bad debt reserve deduction for qualifying loans was computed as a percentage (which Congress had gradually reduced to a current level of 8%) of Mayflower Co-Operative Bank's taxable income, with certain adjustments such as the exclusion of capital gains before computing such deduction. The bad debt deduction under the percentage of taxable income method was limited to the extent that (i) the amount accumulated in reserves for qualifying real estate loans does not exceed 6% of such loans outstanding at the end of the taxable year and (ii) the amount, when added to the bad debt reserve for losses on nonqualifying loans, equals the amount by which 12% of total deposits or withdrawable accounts of depositors at year-end exceeds the sum of surplus, undivided profits and reserves at the beginning of the year. The percentage for bad debt deduction was reduced by the deduction for losses on nonqualifying loans.

In order to qualify for this special tax treatment, Mayflower Co-Operative Bank was required to meet certain definitional tests primarily relating to its assets and the nature of its business. The allowable deduction under the percentage of taxable income method, was scaled according to the ratio of qualifying assets of Mayflower Co-Operative Bank to total assets. Specifically, to establish the maximum bad debt deduction as a savings bank, at least 60% of Mayflower Co-Operative Bank's assets must constitute qualifying assets, which generally include cash, obligations of the United States or an agency or instrumentality thereof, or of a state or political subdivision thereof, real estate-related loans, loans secured by savings accounts and property used by Mayflower Co-Operative Bank in the conduct of its business. In the event that Mayflower Co-Operative Bank's qualifying assets total less than 60% of total assets, Mayflower Co-Operative Bank would not be permitted to utilize the percentage of taxable income method in computing its bad debt reserve deduction.

Income and profits (apart from amounts appropriated to the bad debt reserve) to the extent otherwise available generally may be distributed in cash to stockholders without any federal income tax being imposed on Mayflower Co-Operative Bank due to such distribution. However, if income appropriated to the bad debt reserve and deducted for federal income tax purposes is used to pay cash dividends or other distributions to stockholders, including distributions on redemptions, dissolution or liquidation, then Mayflower Co-Operative Bank would generally be taxed at then current corporate tax rates on approximately 34% of the amount which would be deemed removed from such reserves by Mayflower Co-Operative Bank due to any such distribution.

Mayflower Co-Operative Bank is subject to an alternative minimum tax which is imposed to the extent it exceeds Mayflower Co-Operative Bank's regular income tax for the year. The alternative minimum tax is imposed at the rate of 20% of a specially computed tax base. Included in this base is a number of preference

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items, including the following: (i) 100% of the excess of an institution's bad debt deduction over the amount that would have been allowable on the basis of actual experience; (ii) interest on certain tax-exempt bonds issued after August 7, 1986; and (iii) for years beginning in 1987, 1988 and 1989, an amount equal to one-half of the amount by which a bank's book income (as specially defined) exceeds its taxable income with certain adjustments, including the addition of preferred items. For taxable years commencing after 1989, this preference item is replaced with a new preference item related to adjusted current earnings as specifically computed. In addition, for purposes of the alternative minimum tax, the amount of alternative minimum taxable income that may be offset by net operating losses is limited to 90% of alternative minimum taxable income.

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

**State Taxation.** Currently, the Massachusetts excise tax rate for co-operative banks is 9.0% of federal taxable income, adjusted for certain items. Taxable income includes income from all sources, without exclusion, less deductions, but not the credits, allowable under the provisions of the Code, as amended. No deductions however, are allowed for dividends received. In addition, carryforwards and carrybacks of net operating losses are not allowed.

**Audits.** See Note I of the Notes to Consolidated Financial Statements for information regarding income taxes payable by Mayflower Co-Operative Bank.

**Competition**

Mayflower Co-Operative Bank's competition for savings deposits has historically come from other co-operative banks and savings banks, savings and loan associations and commercial banks located in Massachusetts generally, and in Southeastern Massachusetts specifically, some of which have greater financial resources than Mayflower Co-Operative Bank. Mayflower Co-Operative Bank also experiences significant competition from tax exempt, state and federally chartered credit unions and from Internet-based entities. In the past, during times of high interest rates, however, Mayflower Co-Operative Bank has experienced additional significant competition for deposits from short-term money market funds and other corporate and government securities and Mayflower Co-Operative Bank anticipates that it will face continuing competition from other financial intermediaries for deposits.

Mayflower Co-Operative Bank competes for deposits principally by offering depositors a wide variety of savings programs, convenient branch locations, access to 24-hour automated teller machines, preauthorized payment and withdrawal systems, tax-deferred retirement programs, debit cards, on-line banking, telephone banking and other ancillary services. Mayflower Co-Operative Bank does not rely upon any individual, group or entity for a material portion of its deposits. Mayflower Co-Operative Bank's competition for real estate loans comes principally from mortgage banking companies, co-operative banks and savings banks, credit unions, commercial banks, insurance companies and other institutional lenders. Mayflower Co-Operative Bank competes for loan originations primarily through the interest rates and loan fees it charges and the efficiency and quality of services it provides borrowers, real estate brokers and builders.

In addition to competing with other banks and financial services organizations based in Massachusetts, Mayflower Co-Operative Bank has and is expected to face increased competition from major commercial banks and other entities headquartered outside of Massachusetts as a result of interstate banking laws which currently permit banks nationwide to enter Mayflower Co-Operative Bank's market area and to compete with it for deposits and loan originations.

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Changes in bank regulation, such as changes in the products and services banks can offer and involvement in non-banking activities by bank holding companies, as well as bank mergers and acquisitions, can affect Mayflower Co-Operative Bank's ability to compete successfully. Legislation and regulations have also expanded the activities in which depository institutions may engage. The ability of Mayflower Co-Operative Bank to compete successfully will depend upon how successfully it can respond to the evolving competitive, regulatory, technological and demographic developments affecting its operations.

Mayflower Co-Operative Bank is headquartered in Middleboro, Massachusetts, and operates seven additional full-service branch offices located in Plymouth, Wareham, Rochester, Bridgewater, and Lakeville, Massachusetts. Mayflower Co-Operative Bank's primary market area, wherein are located the majority of the properties securing loans originated by Mayflower Co-Operative Bank, encompasses the southern portion of Plymouth County and the eastern portion of Bristol County and the western portion of Barnstable County.

**Employees**

At March 31, 2013, Mayflower Co-Operative Bank employed 57 full-time and 14 part-time employees. Mayflower Co-Operative Bank's employees are not represented by any collective bargaining agreement. Management of Mayflower Co-Operative Bank considers its relations with its employees to be good.

**Properties**

Mayflower Co-Operative Bank owns six of its offices and leases its Bridgewater and Rochester, Massachusetts locations. The following table sets forth the location of Mayflower Co-Operative Bank's offices, as well as certain information relating to these offices as of March 31, 2013:

Office Location	Year Opened	Net Book Value at March 31, 2013 (Dollars in thousands)
30 South Main Street Middleboro, MA	1889	\$ 3,106
94 Court Street Plymouth, MA	1974	110
Great Neck Road and Onset Avenue Wareham, MA	1981	398
565 Rounseville Road (1) Rochester, MA	1995	
5 Scotland Boulevard (2) Bridgewater, MA	1998	297
166 County Street Lakeville, MA	2005	847
2420 Cranberry Highway Wareham, MA	2007	2,349
57-59 Obery Street Plymouth, MA	2009	2,786

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(1) The lease for the Rochester location expires August 2016.

(2) The lease for the Bridgewater location is a land only lease for a term of thirty years through November 2027.

At March 31, 2013, the total net book value of Mayflower Co-Operative Bank's premises and equipment was \$10.5 million. For further information, see Note F of Notes to Mayflower's Consolidated Financial Statements.

**Table of Contents****Legal Proceedings**

Mayflower from time to time is involved as a plaintiff or defendant in various legal actions incidental to its business, none of which are believed to be material, either individually or collectively, to the results of operations and financial condition of Mayflower.

**Mayflower Results of Operations**

The following tables summarize Mayflower's balance sheet and operating results as of and for the year ended March 31, 2013, the eleven month period ended March 31, 2012 and the years ended April 30, 2011, 2010 and 2009.

	March 31 2013	March 31, 2012	April 30, 2011	April 30, 2010	April 30, 2009
<i>(Dollars In Thousands, Except Per Share Data)</i>					
<b>Balance Sheet and Other Data:</b>					
Total assets	\$ 261,344	\$ 251,555	\$ 246,883	\$ 255,530	\$ 249,545
Interest-bearing deposits in banks	8,931	8,602	6,256	15,914	6,184
Investment securities, including mortgage-backed securities	94,200	88,264	91,904	94,369	90,261
Loans, net	139,321	134,331	124,497	120,545	131,111
Stock in the FHLB of Boston	1,252	1,449	1,650	1,650	1,650
Deposits	235,683	226,562	221,023	225,317	213,957
Advances and borrowings	1,000	1,000	3,500	7,500	13,888
Stockholders' equity	22,626	21,884	21,777	20,480	19,338
Book value per share	10.99	10.61	10.21	9.85	9.27

	Year Ended March 31 2013	11 Months Ended March 31, 2012	Year Ended April 30, 2011	Year Ended April 30, 2010	Year Ended April 30, 2009
<i>(Dollars In Thousands, Except Per Share Data)</i>					
<b>Operating Data:</b>					
Interest income	\$ 9,038	\$ 9,000	\$ 10,415	\$ 11,279	\$ 12,406
Interest expense	1,029	1,307	1,918	3,339	5,068
Net interest income	8,009	7,693	8,497	7,940	7,338
Provision for loan losses	40	228	201	215	
Net interest income after provision for loan losses	7,969	7,465	8,296	7,725	7,338
<b>Noninterest income:</b>					
Loan origination and other loan fees	102	84	145	123	136
Customer service fees	548	583	666	719	695
Gain (loss) on sales and writedowns of investment securities and loans, net	1,114	670	766	691	(1,399)
Other	365	350	344	264	245
Total noninterest income	2,129	1,687	1,921	1,797	(323)
Noninterest expense	7,840	7,317	8,142	7,802	7,185
Income (loss) before income taxes	2,258	1,835	2,075	1,720	(170)
Provision (benefit) for income taxes	790	618	737	557	(205)
Net income	\$ 1,468	\$ 1,217	\$ 1,338	\$ 1,163	\$ 35





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	Year Ended March 31 2013	11 Months Ended March 31, 2012	Year Ended April 30, 2011	Year Ended April 30, 2010	Year Ended April 30, 2009
<b>Price Share Data:</b>					
Basic earnings per share	\$ 0.71	\$ 0.59	\$ 0.64	\$ 0.56	\$ 0.02
Diluted earnings per share	\$ 0.71	\$ 0.59	\$ 0.64	\$ 0.56	\$ 0.02
Weighted average basic shares outstanding	2,059	2,069	2,082	2,083	2,090
Dividends paid per share	2,064	2,072	2,082	2,088	2,176
	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.28	0.40
<b>Selected Ratios:</b>					
Annualized return on average assets	0.58%	0.53%	0.54%	0.47%	0.02%
Annualized return on average stockholders' equity	6.56%	6.15%	6.41%	5.83%	0.19%
Stockholders' equity to assets (1)	8.66%	8.70%	8.58%	8.01%	7.75%
Tier 1 capital to average assets	8.60%	8.43%	8.35%	7.90%	7.56%
Interest rate spread	3.39%	3.62%	3.77%	3.53%	3.22%
Dividend payout ratio	33.72%	40.87%	37.37%	50.21%	2,385.71%

(1) This ratio is based on year-end balances

**Management's Discussion and Analysis of Financial Condition and Results of Operations***Change in Year-End:*

Effective February 2012, Mayflower changed its fiscal year-end from April 30 to March 31. The financial statements presented are for the year ended March 31, 2013 as compared to the eleven month period ended March 31, 2012.

*Recent Accounting Pronouncements:*

For a discussion of recent accounting pronouncements, see Note A of Mayflower's Consolidated Financial Statements included in this proxy statement/prospectus.

*Critical Accounting Policies:*

Mayflower's consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles. As such Mayflower is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet dates and the reported amounts of income and expense during the reporting periods. Actual amounts could differ from such estimates. Mayflower believes that the following accounting policies are among the most critical because they involve significant judgments and uncertainties and could potentially result in materially different results under different assumptions and conditions.

*Allowance for loan losses:*

The provision for loan losses represents a charge or credit against current earnings and an addition or deduction from the allowance for loan losses. In determining the amount to provide for loan losses, the key factor is the adequacy of the allowance for loan losses. Management uses a methodology to systematically measure the amount of estimated loan loss exposure inherent in the loan portfolio for purposes of establishing an adequate allowance for loan losses. The methodology includes three elements: (1) an analysis of individual loans currently delinquent or deemed to be impaired, (2) general loss allocations for various types of loans based on historic loss experience factors, and (3) an unallocated allowance. The general and unallocated allowances are maintained based on management's assessment of many factors including the risk characteristics of the loan portfolio, concentrations of credit, current and anticipated economic conditions that may affect borrowers' ability to pay, and trends in loan delinquencies and charge-offs.

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Management believes that Mayflower's current allowance for loan losses is adequate. While the allowance for loan losses is evaluated by management based upon available information, future additions to the allowance may be necessary based on changes in local economic conditions. Any significant changes in these assumptions and/or conditions could result in higher than estimated losses that could adversely affect Mayflower's earnings. Additionally, regulatory agencies review Mayflower's allowance for loan losses as part of their examination process. Such agencies may require Mayflower to recognize additions to the allowance based on judgments which may be different from those of management. Refer to the discussion of Allowance for Loan Losses in Mayflower's Business Section of this proxy statement/prospectus for the year March 31, 2013 and Note A to Consolidated Financial Statements for a further description of the allowance for loan losses.

**Other-than-temporarily impaired investment securities:**

Management judgment is involved in the evaluation of declines in value of individual investment securities held by Mayflower. Declines in value that are deemed other-than-temporary are recognized in the income statement through a write-down in the recorded value of the affected security. Management considers many factors in its analysis of other-than-temporarily impaired securities including industry analyst reports, performance according to terms, sector credit ratings, volatility in market price and other relevant information such as financial condition, earnings capacity and near term prospects of the company and the length of time and extent to which the fair value has been less than cost.

Whenever a debt or equity security is deemed to be other-than-temporarily impaired, as determined by management's analysis, it is written-down to its current fair value. Any unfavorable change in general market conditions or the condition of a specific issuer could cause an increase in Mayflower's impairment write-downs on investment securities, which would have an adverse effect on Mayflower's earnings.

**Financial Condition:**

At March 31, 2013, Mayflower's total assets were \$261.3 million as compared to \$251.6 million at March 31, 2012, an increase of \$9.7 million or 3.9%. During the year ended March 31, 2013, net loans receivable increased by \$5.0 million and total investment securities increased by \$5.9 million. Also, during the year ended March 31, 2013, total deposits increased by \$9.1 million.

Net loans receivable were \$139.3 million at March 31, 2013, compared to \$134.3 million at March 31, 2012, representing an increase of \$5.0 million, or 3.7%. This increase was primarily due to an increase of \$8.6 million in residential mortgages outstanding, partially a result of Mayflower Co-Operative Bank electing to retain a larger percentage of fixed-rate mortgage originations. During the year ended March 31, 2013, historically low interest rates spurred continued strong residential mortgage financing activity, as Mayflower originated \$43.4 million in residential mortgages as compared to \$29.4 million originated for the eleven months ended March 31, 2012. Also during the year, Mayflower purchased \$11.6 million of newly-originated 30-year fixed-rate mortgages, yielding approximately 3.27%, from financial institutions in eastern Massachusetts, as compared to \$11.0 million in such purchases during the prior year period. Additionally, during the year, Mayflower sold \$29.1 million of fixed-rate residential loans in the secondary mortgage market, producing gains of \$772,000, compared to sales of \$19.4 million for the prior eleven month period, which resulted in gains of \$376,000. This activity, combined with other mortgage payoffs and regularly scheduled amortization, resulted in a \$8.6 million increase in residential loan balances as compared to March 31, 2012.

Offsetting this increase in residential mortgages was a decrease of \$1.6 million in commercial loans and mortgages, a decrease of \$1.8 million in home equity loans and lines of credit, and a decrease of \$284,000 in consumer loans. Finally, net construction loans outstanding increased by \$75,000.

During the year ended March 31, 2013, total investment securities increased by \$5.9 million, primarily a result of increases in U.S. Government agency obligations and mortgage-backed and related securities, which increased by \$4.6 million and \$1.7 million, respectively.

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Non-performing assets are comprised of non-accrual loans and real estate acquired by foreclosure. Non-performing loans typically consist of loans that are more than 90 days past due and loans less than 90 days past due on which Mayflower has ceased accruing interest. As of March 31, 2013, non-performing assets totaled \$584,000, compared to \$506,000 at March 31, 2012. The increase in non-performing assets is comprised of an increase of \$133,000 in non-performing loans, offset by a decrease of \$55,000 in real estate acquired by foreclosure. During the period, Mayflower was able to resolve certain previously classified non-performing loans, although additional loans were classified as non-performing, including one commercial mortgage with a current outstanding balance of \$298,000 and one home equity line of credit with a current outstanding balance of \$118,000. As of March 31, 2013, non-performing assets represented 0.22% of total assets compared to 0.20% of total assets at March 31, 2012.

At March 31, 2013, Mayflower's allowance for loan losses was \$1,208,000, which represented 0.87% of net loans receivable and 271.5% of non-performing loans at that date. This compares to a loan loss reserve balance of \$1,217,000 at March 31, 2012, which represented 0.91% of net loans receivable and 390.1% of non-performing loans. During the period, Mayflower provided \$40,000 to replenish the reserve and recorded net charge offs of \$56,000 in home equity loans and lines of credit, offset by net recoveries of \$6,000 in commercial loans and \$1,000 in residential mortgages. Management continues to closely monitor the loan portfolio and will continue to provide for potential losses as they become likely. Mayflower's loan portfolio continues to rely heavily on the strength of the local economy and the real estate market and a significant deterioration in that market or other negative economic conditions could have a negative impact on Mayflower's results. In addition, commercial business, construction, and commercial real estate financing are generally considered to involve a higher degree of credit risk than long-term financing of residential properties due to their higher potential for default and the possible difficulty of disposing of the underlying collateral. As management continues to monitor Mayflower's loan portfolio, higher provisions for loan losses and foreclosed property expense may be required should economic conditions worsen or the levels of non-performing assets increase.

Mayflower also maintains an allowance for loan losses on off-balance sheet credit exposures (included in other liabilities on the balance sheet). This allowance totaled \$110,000 at March 31, 2013 and 2012. This allowance is intended to protect Mayflower against losses on undrawn or unfunded loan commitments made to customers.

At March 31, 2013, total deposits, after interest credited, increased by \$9.1 million when compared to March 31, 2012. This increase was comprised of growth of \$17.6 million in checking and savings accounts, partially offset by a reduction of \$8.5 million in certificates of deposit. These fluctuations are the result of a management decision to reduce interest rates paid on certificates of deposit, which Mayflower considers non-core. Additionally, during the year, advances and borrowings remained constant at \$1.0 million.

Total stockholders' equity increased by \$742,000 when compared to March 31, 2012. The increase in total equity is due to net income for the year of \$1,468,000 and stock-based compensation credits totaling \$74,000. Those increases in total equity were partially offset during the year by dividends paid of \$0.24 per share totaling \$495,000 and Company stock repurchases totaling \$65,000. Additionally, total equity decreased by \$240,000 due to a decrease in the net unrealized gain on securities classified as available-for-sale.

**RESULTS OF OPERATIONS*****Comparison of the year ended March 31, 2013 with the eleven months ended March 31, 2012******General:***

Net income for the year ended March 31, 2013 was \$1,468,000 compared with \$1,217,000 for the eleven months ended March 31, 2012, an increase of \$251,000. Net interest income was \$8.0 million, the provision for loan losses was \$40,000, total non-interest income was \$2.1 million, and total non-interest expense was \$7.8 million.

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In February 2012, Mayflower changed its fiscal year-end from April 30 to March 31. Certain fluctuations between the year ended March 31, 2013 and the eleven months ended March 31, 2012 are a result of the shortened prior-year period.

Mayflower's results largely depend upon its net interest margin, which is the difference between the income earned on loans and investments, and the interest paid on deposits and borrowings as a percentage of average interest-earning assets. During the year ended March 31, 2013, Mayflower's net interest margin decreased from 3.62% to 3.40%. This reduction is primarily a result of a decrease in yields on average interest-earning assets, which declined from 4.24% during the fiscal period ended March 31, 2012 to 3.84% during the fiscal year ended March 31, 2013.

The effect on net interest income as a result of changes in interest rates and in the amount of interest-earning assets and interest-bearing liabilities is shown in the following table. Information is provided on changes for the period indicated attributable to (1) changes in volume (change in average balance multiplied by prior period yield), (2) changes in interest rates (changes in yield multiplied by prior period average balance) and (3) the combined effect of changes in interest rates and volume (change in yield multiplied by change in average balance).

<i>(In Thousands)</i>	March 31, 2013 (12 Months) vs. March 31, 2012 (11 Months)				
	Total	Volume	Rate	Rate/ Volume	Short Period
<b>Interest income:</b>					
Loans receivable	\$ 603	\$ 664	\$ (585)	\$ (56)	\$ 580
Investment securities	(561)	(171)	(666)	40	236
Interest-bearing deposits in banks	(4)	(6)			2