Independent Bank Corp. (INDB)

Updated April 28th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	$58	**5 Year CAGR Estimate:**	8.8%	**Market Cap:**	$2.6 B
Fair Value Price:	$59	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	07/01/2025[1]
% Fair Value:	99%	**5 Year Valuation Multiple Estimate:**	0.2%	**Dividend Payment Date:**	07/08/2025[2]
Dividend Yield:	4.1%	**5 Year Price Target**	$75	**Years Of Dividend Growth:**	15
Dividend Risk Score:	C	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Independent Bank Corp. (INDB) operates as the holding company for Rockland Trust Company, serving individuals and small-to-medium-sized businesses in Massachusetts. It offers various banking services like interest checking, money market, savings accounts, and commercial lending for real estate, construction, and consumer needs. Additionally, it provides investment management, trust services, online banking, estate settlement, and financial planning.

On April 17th, 2025, the company announced results for the first quarter of 2025, reporting Q1 non-GAAP EPS of $1.06, missing the market's estimates by $0.11 and revenues of $178.04 million that were up 6.4% year-over-year.

Independent Bank reported first quarter 2025 net income of $44.4 million, down from $50.0 million in Q4 2024. The decline was largely driven by a higher provision for credit losses, following a spike in charge-offs tied to a few previously classified commercial loans. Excluding merger-related costs tied to its pending Enterprise Bancorp acquisition, operating net income was $45.3 million, or $1.06 per share. Despite the earnings dip, underlying fundamentals remained strong: net interest margin expanded 9 basis points to 3.42%, deposit balances grew by 2.4% to $15.7 billion, and tangible book value per share rose to $47.81. CEO Jeffrey Tengel emphasized that the bank maintained core strength even against a more uncertain economic backdrop, citing deposit growth, disciplined expense control, and a 4% dividend hike.

On the balance sheet side, total assets climbed to $19.9 billion, fueled partly by a $300 million subordinated debt raise in March. Loan balances held steady at $14.5 billion, with small business and commercial and industrial portfolios posting modest gains. Meanwhile, asset quality metrics showed mixed trends: nonperforming loans improved to 0.62% of total loans, but net charge-offs rose sharply to $40.9 million. The allowance for credit losses on loans decreased to $144.1 million, reflecting the targeted cleanup of problem assets. With stable core performance and strategic positioning ahead of its Enterprise merger, INDB appears cautiously optimistic about navigating the remainder of 2025.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.50	$2.90	$3.19	$4.40	$5.03	$3.64	$3.47	$5.69	$5.40	$4.52	***$5.34***	***$6.81***
DPS	$1.04	$1.16	$1.28	$1.52	$1.76	$1.84	$1.92	$2.08	$2.20	$2.28	***$2.36***	***$3.01***
Shares[3]	26.0	26.5	27.4	27.7	32.9	33.3	34.9	46.4	50.1	42.5	***45.2***	***61.4***

The bank's asset quality is maintained through a consistent provision for credit losses and a slight increase in the allowance for credit losses. A dip in performance metrics shows the impact of a challenging operating environment and the impact of rising costs, which emphasizes the need for strategic adjustments heading into the future. Therefore, we have revised our EPS estimate to $5.34 for 2025, matching the analysts' estimates' midpoint.

We also expect an EPS annual growth forecast of 5.0% over the next five years, leading to our estimated EPS of $6.81 by 2030. Lastly, the company has a solid record of paying dividends despite operating in a macro-sensitive sector, as

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[1] Estimated ex-dividend date

[2] Estimated dividend payment date

[3] In Millions

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Independent Bank has paid increasing dividends for the past 14 years. Thus, we expect the company to maintain its dividend growth and have forecasted a dividend CAGR of 5.0%, leading to an expected dividend of $3.01 in 2030.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	18.1	18.0	21.2	17.7	15.6	18.1	22.9	14.5	10.9	12.9	***10.9***	***11.0***
Avg. Yld.	2.3%	2.2%	1.9%	2.0%	2.2%	2.8%	2.4%	2.5%	3.7%	3.9%	***4.1%***	***4.0%***

The regional bank currently trades at a forward P/E of 10.9, considerably lower than the long-term average P/E of 17.0. Even though the core deposit growth and an uptick in loan demand are likely to benefit the company in the near term, we maintain a target P/E of 11.0 on the stock, which is a fair reflection of its value in our view. Accordingly, with a 2030 EPS target of $6.81 and P/E of 11.0, our five-year target price for the stock stands at $75.

Safety, Quality, Competitive Advantage, & Recession Resiliency

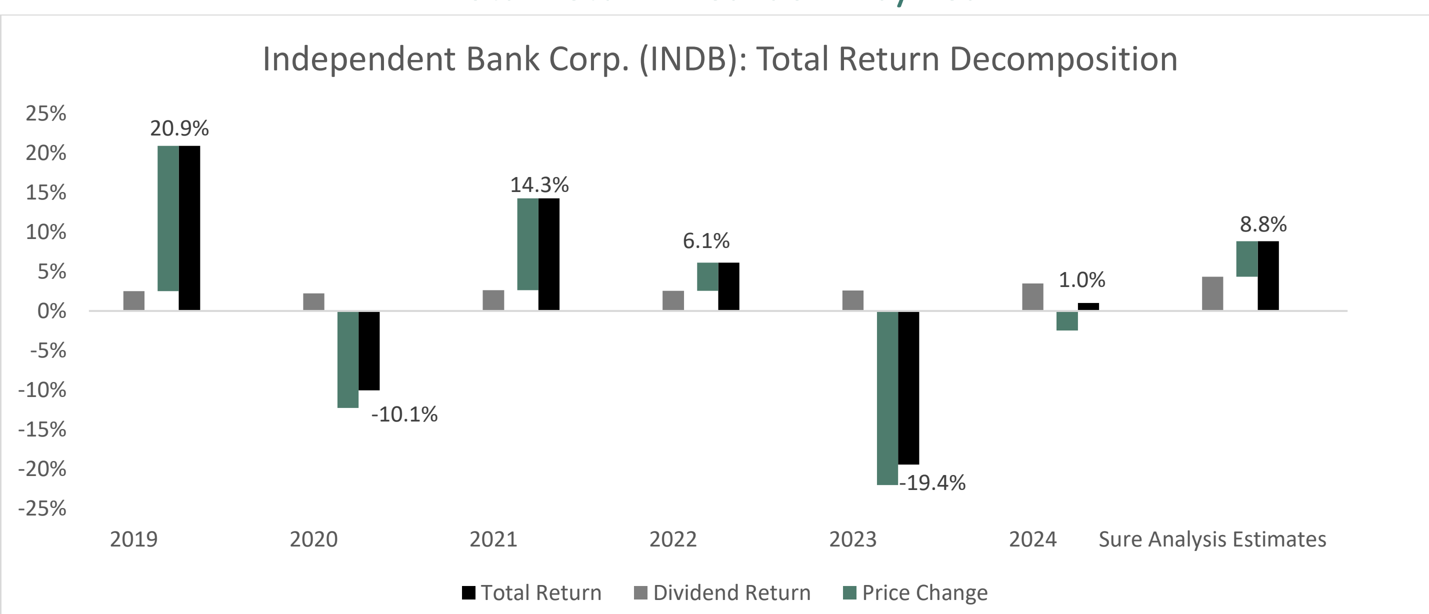
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	42%	40%	40%	35%	35%	51%	55%	37%	41%	50%	***44%***	***44%***

Independent Bank has paid a consistent dividend to its shareholders with a 10-year payout ratio averaging 42.5%, and we expect the company to maintain and increase its payout in the future. The demand for the company's loan products has improved in recent quarters, and we expect the company to be in a much better position in the future compared to where it is today. In addition, the net interest income continues to improve in a rising rate environment, and the asset quality metrics ought to be steady. The company's stockholders' equity remained constant because of healthy net income, which greatly offset the dividend payout and share repurchase operations.

Final Thoughts & Recommendation

While Independent Bank runs a regional banking business, increased interest income and loan yield will be a positive catalyst for EPS growth. Indeed, Independent Bank's dividend growth prospects could remain strong throughout the medium-term though shares have underperformed in the last year. We maintain our hold rating on INDB, as its 8.8% expected annual return, driven by 5.0% EPS growth, a 4.1% yield, and valuation upside, doesn't meet our buy threshold due to a sub-7% yield-plus-growth combo and weak dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	287	307	338	387	503	473	502	720	722	683
SG&A Exp.	118	122	130	137	163	155	177	212	234	245
D&A Exp.	12	14	16	16	19	27	33	39	36	41
Net Profit	65	77	87	122	165	121	121	264	240	192
Net Margin	22.6%	24.9%	25.8%	31.5%	32.9%	25.6%	24.1%	36.6%	33.2%	28.1%
Free Cash Flow	79	83	106	131	200	52	165	399	261	209
Income Tax	27	35	47	34	53	32	36	84	76	55

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	7,209	7,709	8,082	8,852	11,395	13,204	20,423	19,294	19,350	19,370
Cash & Equivalents	276	289	213	250	151	1,297	2,241	353	224	220
Goodwill & Int.	213	231	241	271	535	529	1,018	1,010	1,003	997
Total Liabilities	6,438	6,845	7,138	7,778	9,687	11,502	17,405	16,407	16,450	16,380
Long-Term Debt	210	159	161	259	303	181	152	113	1,218	701
Total Equity	771	865	944	1,073	1,708	1,703	3,018	2,887	2,895	2,993
LTD/E Ratio	0.27	0.18	0.17	0.24	0.18	0.11	0.05	0.04	0.42	0.23

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.0%	1.0%	1.1%	1.4%	1.6%	1.0%	0.7%	1.3%	1.2%	1.0%
Return on Equity	9.2%	9.4%	9.6%	12.1%	11.9%	7.1%	5.1%	8.9%	8.3%	6.5%
ROIC	7.1%	7.6%	8.2%	10.0%	9.9%	6.2%	4.8%	8.6%	6.7%	4.9%
Shares Out.	26.0	26.5	27.4	27.7	32.9	33.3	34.9	46.4	44.2	42.5
Revenue/Share	11.06	11.61	12.36	13.98	15.30	14.21	14.40	15.53	16.34	16.07
FCF/Share	3.05	3.12	3.87	4.73	6.09	1.56	4.73	8.60	5.91	4.93

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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