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Independent Bank Corp. and Blue Hills Bancorp sign definitive merger agreement

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Rockland, MA Independent Bank Corp., parent of Rockland Trust Company, and Blue Hills Bancorp, Inc., parent of Blue Hills Bank, have signed a definitive merger agreement for Independent to acquire Blue Hills Bancorp and Rockland Trust to acquire Blue Hills Bank.

The merger agreement provides that each Blue Hills Bancorp stockholder will receive 0.2308 of a share of Independent common stock and \$5.25 in cash for each share of Blue Hills Bancorp common stock. The transaction is intended to qualify as a tax-free reorganization for federal income tax purposes and to provide a tax-free exchange for Blue Hills Bancorp stockholders for the Independent common stock portion of the consideration they receive. The agreement provides that, effective as of and contingent upon the merger, Independent will add three Blue Hills Bancorp directors to its board of directors.

“Our transaction with Blue Hills Bank is a natural fit and is consistent with our strategy of acquiring banks in overlapping and adjacent markets,” said Christopher Oddleifson, the president and CEO of Independent and the CEO of Rockland Trust.

“Blue Hills Bank is a strong, well run, growing company with a tremendous franchise. This acquisition will strengthen the position of Rockland Trust in Eastern Massachusetts and also permit us to expand onto Nantucket Island. Blue Hills Bank employs many talented individuals who we are excited to welcome to Rockland Trust.”

“This transaction creates a combined company with growth potential and considerable franchise value,” said William Parent, the president and CEO of Blue Hills Bank. “We are pleased to join Rockland Trust, a best in class partner that will benefit our customers, employees and the communities we serve while also providing an attractive return to our shareholders.”

Blue Hills Bank was founded in 1871 as Hyde Park Savings Bank. Blue Hills Bank currently operates 11 branches in Boston, Dedham, Hyde Park (two locations), Milton, Norwood, West Roxbury, Westwood, and three locations on Nantucket Island which are operated under the name Nantucket Bank, a division of Blue Hills Bank. As of June 30, Blue Hills Bancorp had \$2.7 billion in total assets, \$2.3 billion in loans, and \$2.1 billion in deposits.

Rockland Trust and Blue Hills Bank anticipate that their transaction will close in the first half of 2019. After the Blue Hills Bank merger and the closing of Rockland Trust’s previously announced

acquisition of The Milford National Bank & Trust Company, which is anticipated in the fourth quarter of 2018, Rockland Trust will have over \$11 billion in assets and the largest Massachusetts deposit share and most bank branches of any bank headquartered in Massachusetts. The Blue Hills Bank merger is anticipated to give Rockland Trust, which in 2017 expanded onto Martha's Vineyard with the acquisition of The Edgartown National Bank, a Nantucket Island presence and the #1 deposit market share in Nantucket County. Rockland Trust is also projected to have the #3 deposit market share in Norfolk County following the Blue Hills Bank merger.

Independent anticipates issuing approximately 6.2 million shares of its common stock in the merger. Based upon Independent's \$89.35 per share closing price on September 19, 2018, the transaction is valued at approximately \$726.5 million and the aggregate consideration represents 178% of Blue Hills Bancorp's current tangible book value. Independent anticipates that: (i) the acquisition will be approximately 4% accretive to its 2019 earnings per share, excluding one-time costs; and, (ii) the acquisition will be approximately 4.5% accretive to 2020 earnings per share. Independent estimates that the transaction will generate an internal rate of return of about 16% and expects the transaction will be neutral to tangible book value per share. Merger related charges are expected to be approximately \$36.0 million before tax, in the aggregate, incurred in 2018 and 2019.

The boards of directors of each company have unanimously approved the transaction. The transaction is subject to certain conditions, including the receipt of required regulatory approvals, approval by the stockholders of both Blue Hills Bancorp and Independent, and other standard conditions. Blue Hills Bancorp's directors and officers who currently own, in the aggregate, about 4.4% of Blue Hills Bancorp's outstanding shares have signed voting agreements pursuant to which they have agreed to vote their shares in favor of the merger.

Independent used Day Pitney LLP as its legal counsel and received a fairness opinion from Sandler O'Neill + Partners, L.P. Blue Hills Bancorp was advised by Keefe, Bruyette & Woods, Inc. and used Luse Gorman, PC as its legal counsel.

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