



Massachusetts
Bankers
Association

**THE
KAFAFIAN
GROUP**



STATE OF THE INDUSTRY: MASSACHUSETTS Q3 2021

Performance
Measurement



Strategic
Management



Profit & Process
Improvement



Management
Advisory



Financial
Advisory



DISCLOSURE STATEMENT

FORWARD LOOKING STATEMENTS

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Source: The Kafafian Group, Inc



MASSACHUSETTS BANKERS ASSOCIATION QUARTERLY UPDATE

SUMMARY OF KEY THEMES

- 1** Massachusetts continues to have a strong state economy compared to other New England States and national numbers. Massachusetts slightly trails New Hampshire for the highest state coincident index in New England and ranks in the top 25th percentile nationally compared to all U.S. states.
- 2** Since the onset of the pandemic, cumulative savings have experienced exponential growth. Monthly savings have decreased to near pre-covid levels, but as the delta variant continues, economic uncertainty from the public could increase monthly savings again.
- 3** Massachusetts legislators have proposed bills for a public state bank similar to North Dakota's public system. If passed, proponents of the state bank claim it will expand the state banking system, improve state infrastructure, and provide positive economic growth.
- 4** Massachusetts headquartered banks rank first in total deposits and have the most branches when compared to other banks headquartered in the New England region. Massachusetts headquartered banks have grown deposits 44% from 2017-2021.
- 5** Net charge-offs decreased to their lowest levels since Q3 2018. Charge-offs in Massachusetts have been decreasing since Q4 2020, and fell by 25% when comparing Q3 2021 to Q2 2021.

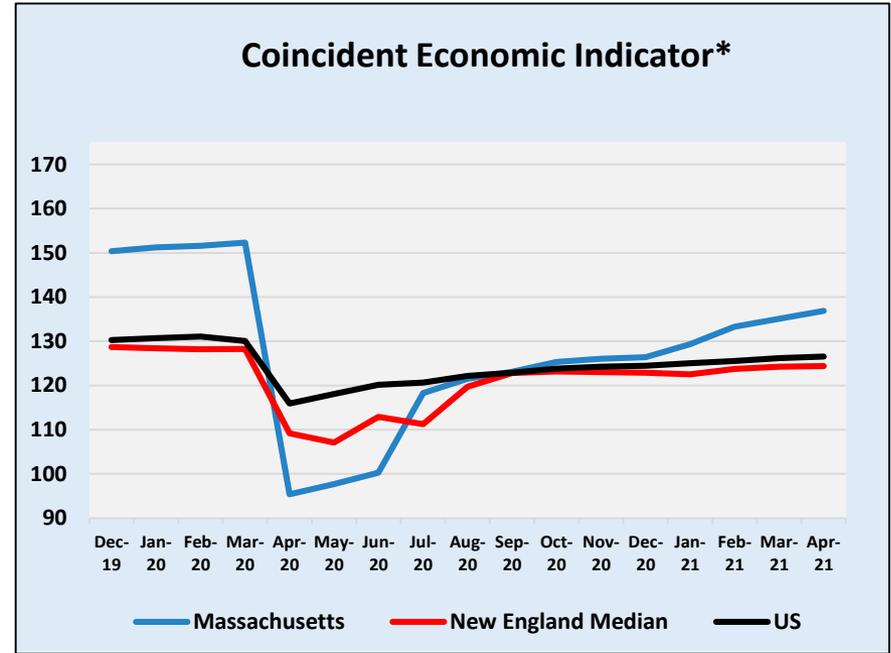
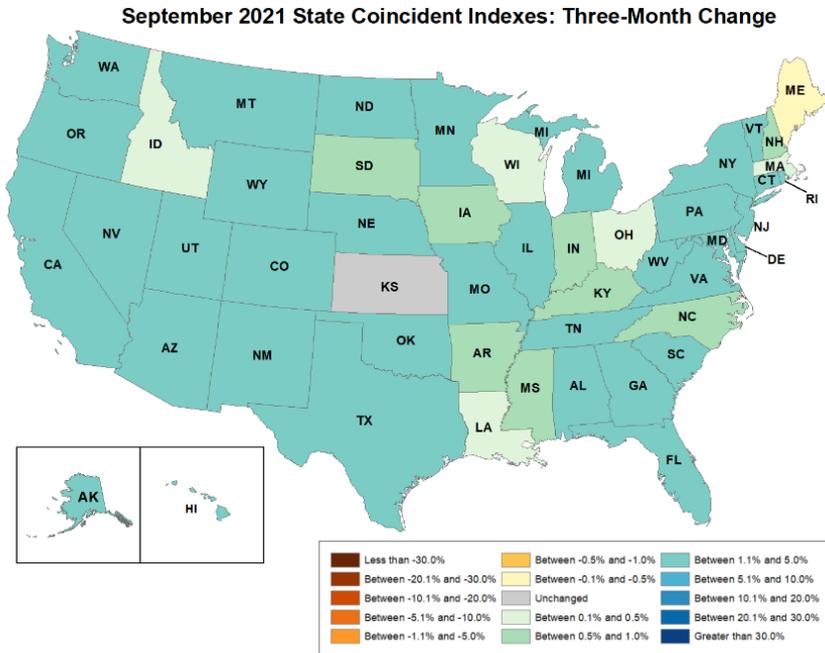
Source: The Kafafian Group, Inc.



STATE COINCIDENT INDEXES

STATE ECONOMIC HEALTH

Massachusetts' state coincident index remained higher than national averages and the median for New England States. Massachusetts has the second highest coincident index in New England (behind New Hampshire) and ranks within the top fifteen states in the U.S



*Coincident Economic Indicator excludes Massachusetts in New England median calculation

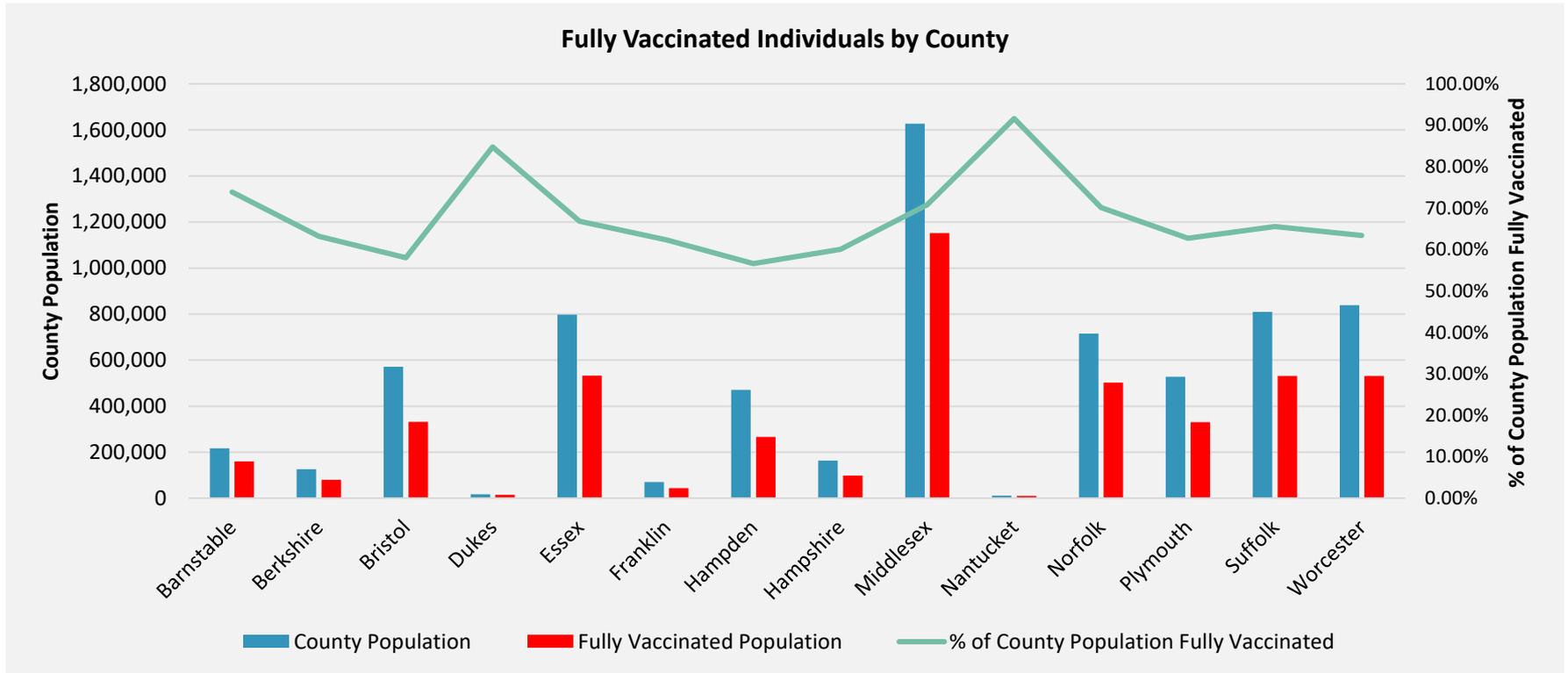
*The coincident indexes combine four state-level indicators to summarize current economic conditions in a single statistic. The four state-level variables in each coincident index are nonfarm payroll employment, average hours worked in manufacturing by production workers, the unemployment rate, and wage and salary disbursements deflated by the consumer price index (U.S. city average).

Source: The Kafafian Group, Inc., Federal Reserve Bank of Philadelphia

MASSACHUSETTS VACCINE STATISTICS

VACCINE INFORMATION BY COUNTY

The below is an overview of vaccination rates by county. According to Becker's Hospital Review data as of November 8, 2021, Massachusetts ranks 5th in the country behind Maine, Connecticut, Rhode Island, and Vermont in total percentage of state population that is fully vaccinated. Massachusetts as a state has an estimated 70% statewide fully vaccinated rate.



Source: Mass.gov data as of 11/2/2021, Becker's Hospital Review as of 11/8/2021

ECONOMIC SNAPSHOT

EMPLOYMENT & HOUSING

| EMPLOYMENT | | Measure | Oct-21 | Sep-21 | Aug-21 | Change from Prior Month (%) or actual change | Change from Prior Year (%) or actual change |
|------------|---|---------|-------------------|------------------|-----------------|---|--|
| 1 | Unemployment Rate (National Seasonally Adj) | % | 4.60 | 4.80 | 5.20 | -0.20 | -2.30 |
| 2 | Unemployment Rate in Massachusetts (Not Seasonally Adj) | % | NA | 4.60 | 4.80 | -0.20 | -2.30 |
| 3 | All Employees, Total Nonfarm | 000's | 148,319 | 147,788 | 147,476 | 0.36% | 4.05% |
| 4 | Labor Force Participation Rate | % | 61.60 | 61.60 | 61.70 | 0.00 | 0.00 |
| | | | 10/30/2021 | 10/2/2021 | 9/4/2021 | | |
| 5 | Initial Claims (Weekly) | | 269,000 | 329,000 | 312,000 | -18.24% | -64.84% |

| HOUSING | | Measure | Oct-21 | Sep-21 | Aug-21 | Change from Prior Month (%) or actual change | Change from Prior Year (%) or actual change |
|---------|---|---------|----------------|----------------|----------------|---|--|
| 6 | S&P/Case-Shiller U.S. National Home Price Index | | NA | NA | 268.62 | 1.19% | 19.84% |
| 7 | S&P/Case-Shiller MA-Boston Home Price Index | | NA | NA | 277.82 | 0.72% | 17.75% |
| 8 | Housing Affordability Index | | NA | NA | 151.30 | 0.46% | -9.51% |
| 9 | New Privately-Owned Housing Units Started: Single-Family Units | 000's | NA | 1,080 | 1,080 | 0.00% | -2.26% |
| 10 | New Privately-Owned Housing Units Started: Single-Family Units in the Northeast Census Region | 000's | NA | 66 | 67 | -1.49% | -2.94% |
| 11 | 30-Year Fixed Rate Mortgage Average in the United States | % | 3.07 | 2.90 | 2.84 | 0.17 | 0.24 |
| | | | Q3 2021 | Q2 2021 | Q1 2021 | | |
| 12 | Delinquency Rate on Single-Family Residential Mortgages | % | 2.49 | 2.70 | 2.74 | -0.21 | -0.06 |

Source: The Kafafian Group, Inc. analysis of data provided by the Federal Reserve Bank of St. Louis, data where available as of 11/9/2021.

ECONOMIC SNAPSHOT

MARKET/RATES, CONSUMER, & PRODUCTION/PRICES

| MARKET/RATES | | Measure | Oct-21 | Sep-21 | Aug-21 | Change from Prior Month (%) or actual change | Change from Prior Year (%) or actual change |
|-----------------|---|---------|----------|----------|----------|--|---|
| (End of Period) | | | | | | | |
| 13 | S&P 500 | | 4,605.38 | 4,307.54 | 4,522.68 | 6.91% | 36.94% |
| 14 | Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity | % | 1.55 | 1.52 | 1.30 | 0.03 | 0.86 |
| 15 | TED Spread | % | 0.08 | 0.09 | 0.08 | (0.01) | (0.05) |
| 16 | Bank Prime Loan Rate | % | 3.25 | 3.25 | 3.25 | 0.00 | 0.00 |
| 17 | Federal Funds Effective Rate | % | 0.07 | 0.06 | 0.06 | 0.01 | (0.02) |

| CONSUMER | | Measure | Oct-21 | Sep-21 | Aug-21 | Change from Prior Month (%) or actual change | Change from Prior Year (%) or actual change |
|----------|---|---------|--------|---------|---------|--|---|
| | | | | | | | |
| 18 | Personal Consumption Expenditures: Chain-type Price Index | | NA | 116.63 | 116.26 | 0.32% | 4.38% |
| 19 | Retail Sales: Excluding Motor Vehicle and Parts | \$mil | NA | 502,615 | 498,708 | 0.78% | 15.57% |
| 20 | University of Michigan: Consumer Sentiment | | NA | 72.80 | 70.30 | 3.56% | -9.45% |
| 21 | Personal Saving Rate | % | NA | 7.50 | 9.20 | (1.70) | (6.80) |

| PRODUCTION/PRICES | | Measure | Oct-21 | Sep-21 | Aug-21 | Change from Prior Month (%) or actual change | Change from Prior Year (%) or actual change |
|-------------------|--|---------|---------|---------|---------|--|---|
| | | | | | | | |
| 22 | Consumer Price Index | | NA | 274.14 | 273.01 | 0.41% | 5.38% |
| 23 | ISM Manufacturing: PMI | | 59.90 | 59.50 | 60.60 | 0.40 | 4.30 |
| 24 | ISM Services: PMI | | 61.70 | 64.10 | 60.10 | (2.40) | 4.50 |
| | | | Q3 2021 | Q2 2021 | Q1 2021 | | |
| 25 | Gross Domestic Product (Change from Prior, annualized rate)* | % | 7.80 | 13.40 | 10.90 | NA | NA |

*Current-Dollar GDP

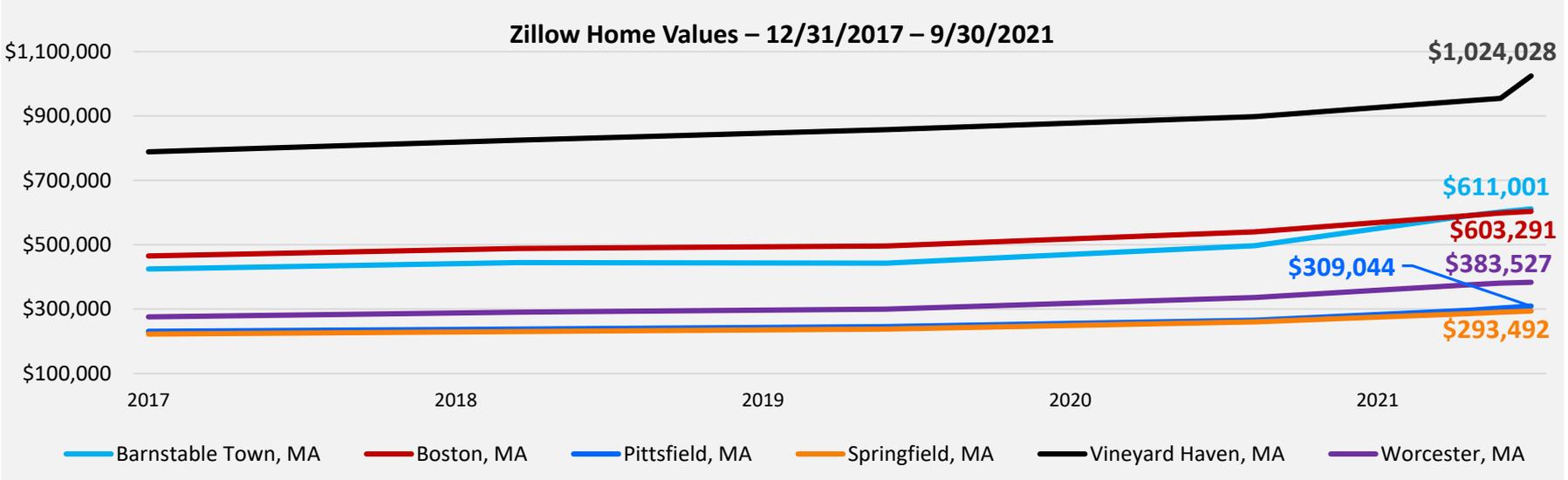
Source: The Kafafian Group, Inc. analysis of data provided by the Federal Reserve Bank of St. Louis, data where available as of 11/9/2021.



MASSACHUSETTS HOME VALUES AND MORTGAGES

METROPOLITAN STATISTICAL AREA (“MSA”) COMPARISON

| MSA | Median Home Value 12/31/2017 | Median Home Value 12/31/2020 | Median Home Value 9/30/2021 | 12/31/2017 - 9/30/2021 Growth Rate (%) | 12/31/2020 - 9/30/2021 Growth Rate (%) | 2021 Total Mortgage Dollars (\$) | 2026 Projected Total Mortgage Dollars (\$) | 2021 Number of Households (#) | 2026 Projected Number of Households (#) |
|-----------------------|---------------------------------|---------------------------------|--------------------------------|---|---|-------------------------------------|---|----------------------------------|--|
| 1 Barnstable Town, MA | \$ 424,627 | \$ 496,459 | \$ 611,001 | 44% | 23% | \$ 3,690,970,937 | \$ 3,853,618,764 | 31,639 | 32,034 |
| 2 Boston, MA | \$ 464,861 | \$ 539,918 | \$ 603,291 | 30% | 12% | \$ 128,603,515,456 | \$ 135,857,345,265 | 676,833 | 698,769 |
| 3 Pittsfield, MA | \$ 231,141 | \$ 265,428 | \$ 309,044 | 34% | 16% | \$ 1,787,474,987 | \$ 1,846,794,125 | 15,913 | 15,906 |
| 4 Springfield, MA | \$ 222,196 | \$ 260,349 | \$ 293,492 | 32% | 13% | \$ 13,615,146,677 | \$ 14,242,166,090 | 101,387 | 102,913 |
| 5 Vineyard Haven, MA | \$ 788,628 | \$ 897,573 | \$ 1,024,028 | 30% | 14% | \$ 293,038,142 | \$ 308,081,491 | 2,410 | 2,475 |
| 6 Worcester, MA | \$ 275,979 | \$ 336,080 | \$ 383,527 | 39% | 14% | \$ 20,086,954,380 | \$ 21,148,376,695 | 143,114 | 146,446 |



Source: Zillow, The Kafafian Group, Inc. analysis of S&P Global IQ Pro data



THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

THIRD QUARTER OF 2021 RESULTS (AGGREGATE)

111 MA Institutions*

5,142 Total U.S. Institutions**

1.13% of the U.S. Banking Industry's Total Assets

1.68% of the U.S. Banking Industry's Total Loans

Net Interest Margin

MA: 2.73% up from 2.72% in Q2

U.S.: 2.53% up from 2.47% in Q2

Returns

MA: ROAA of 0.80% down from 0.95% in Q2, ROAE of 6.77% down from 8.07% in Q2

U.S.: ROAA of 1.21% down from 1.26% in Q2, ROAE of 11.92% down from 12.41% in Q2

Capital Levels

MA: Leverage Ratio of 11.05% up from 10.99% in Q2

U.S.: Leverage Ratio of 8.91% up from 8.88% in Q2

Including State Street Bank and Trust Company in MA's aggregate leverage ratio drops it to 8.82%

Credit Quality

MA: Net charge-offs to average loans of 0.08% down from 0.12% in Q2

U.S.: Net charge-offs to average loans of 0.19% down from 0.26% in Q2

Number of Unprofitable Institutions

MA: 0.90%

U.S.: 3.97%

*Headquartered in Massachusetts; removed State Street Bank and Trust Company

**All FDIC call report filers

Source: The Kafafian Group, Inc. and S&P Global Market Intelligence. Presented for the quarter ended 9/30/2021. Data included reflects both commercial and mutual bank data.

MASSACHUSETTS DEPOSIT COMPARISON

COMPARISON BY MSA

The following table shows deposit statistics for each MSA in Massachusetts. With total deposits experiencing large increases and branch counts decreasing, the average branch size rose 42% from 2019 to 2021.

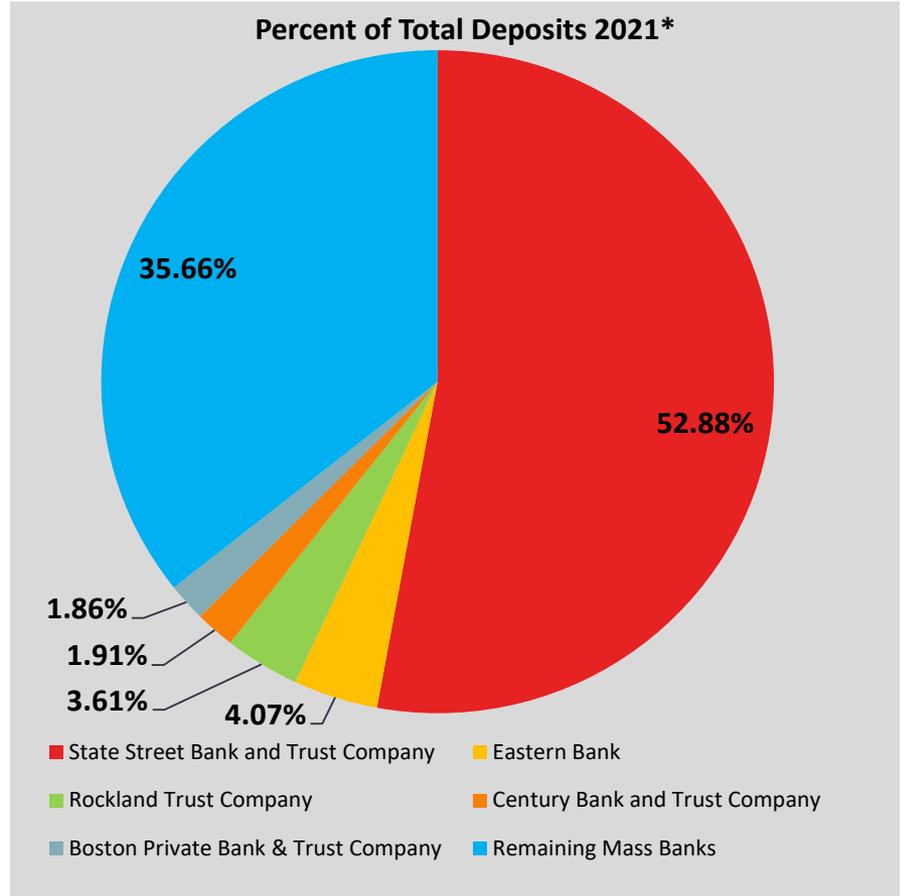
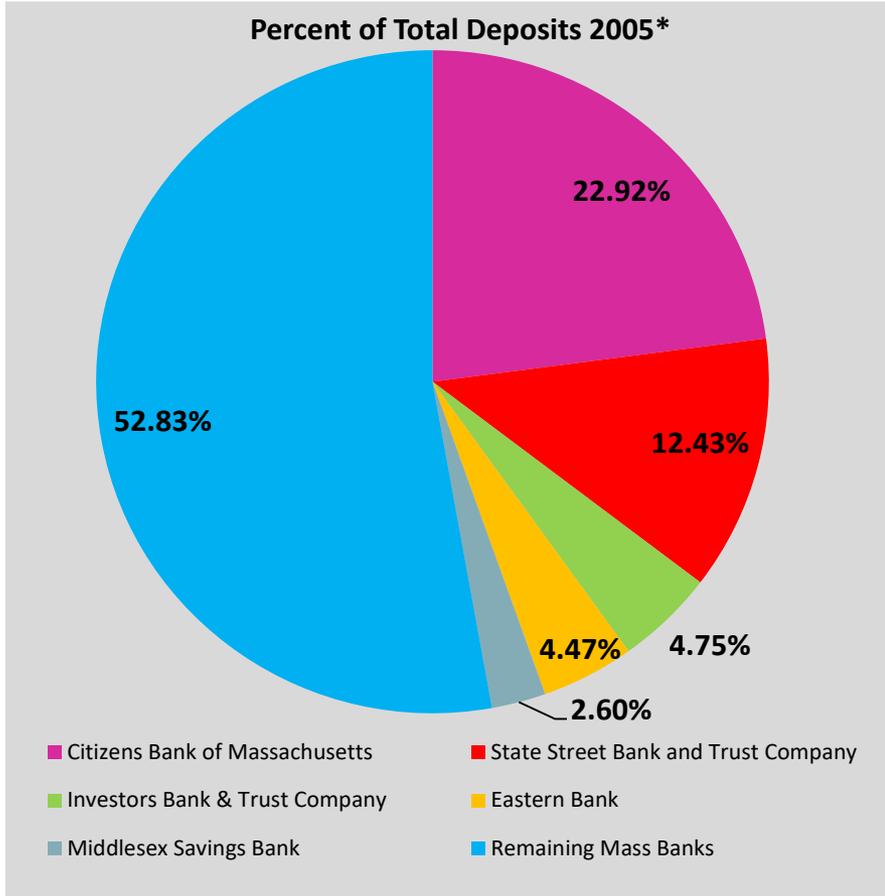
| MSA | At June 30, | | | | | | | | |
|----------------------------------|-------------------------|-------------------------|-------------------------|--|--|--|---|---|---|
| | 2021 Branch Count | 2020 Branch Count | 2019 Branch Count | 2021 Deposits in Market (\$000) | 2020 Deposits in Market (\$000) | 2019 Deposits in Market (\$000) | 2021 Average Deposits per Branch (\$000) | 2020 Average Deposits per Branch (\$000) | 2019 Average Deposits per Branch (\$000) |
| 1 Barnstable Town, MA | 95 | 101 | 101 | 10,936,338 | 9,399,503 | 8,277,172 | 115,119 | 93,064 | 81,952 |
| 2 Boston-Cambridge-Newton, MA-NH | 1,453 | 1,506 | 1,507 | 337,815,321 | 303,076,323 | 250,009,189 | 232,495 | 201,246 | 165,899 |
| 3 Pittsfield, MA | 53 | 57 | 59 | 5,061,130 | 5,244,265 | 4,596,865 | 95,493 | 92,005 | 77,913 |
| 4 Providence-Warwick, RI-MA | 367 | 394 | 400 | 56,873,785 | 50,980,143 | 42,660,392 | 154,969 | 129,391 | 106,651 |
| 5 Springfield, MA | 191 | 199 | 210 | 21,645,940 | 19,538,327 | 16,776,534 | 113,330 | 98,183 | 79,888 |
| 6 Vineyard Haven, MA | 15 | 15 | 15 | 1,329,900 | 1,108,937 | 912,842 | 88,660 | 73,929 | 60,856 |
| 7 Worcester, MA-CT | 225 | 237 | 245 | 24,777,589 | 22,124,400 | 18,929,176 | 110,123 | 93,352 | 77,262 |
| Totals | 2,399 | 2,509 | 2,537 | 458,440,003 | 411,471,898 | 342,162,170 | 191,096 | 163,998 | 134,869 |

Source: The Kafafian Group, Inc. analysis of S&P Global IQ Pro data as of 6/30/2021



MASSACHUSETTS DEPOSITS

MASSACHUSETTS HEADQUARTERED BANKS PERCENT OF TOTAL DEPOSITS



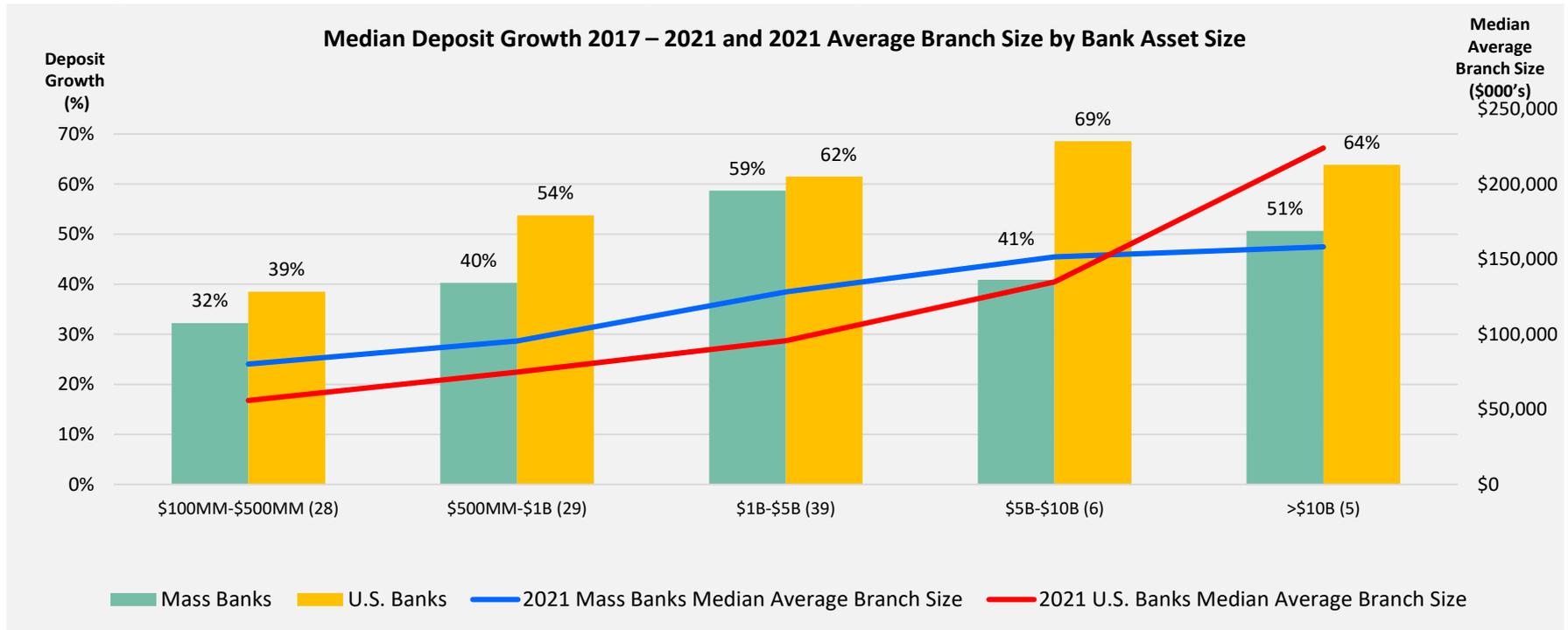
*Headquartered in Massachusetts and excludes out of state headquartered institutions that report deposits in Massachusetts

Source: FDIC, Summary of Deposits as of 6/30/2005 and 6/30/2021

THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

MEDIAN DEPOSIT GROWTH AND AVERAGE BRANCH SIZES

Below is an analysis of median deposit growth from 2017-2021 and 2021 average branch sizes based upon asset size for the state of Massachusetts compared to the entire U.S. Larger institutions (>\$1B in total assets) have experienced greater levels of deposit growth and have higher branch sizes compared to smaller institutions (<\$1B in total assets).



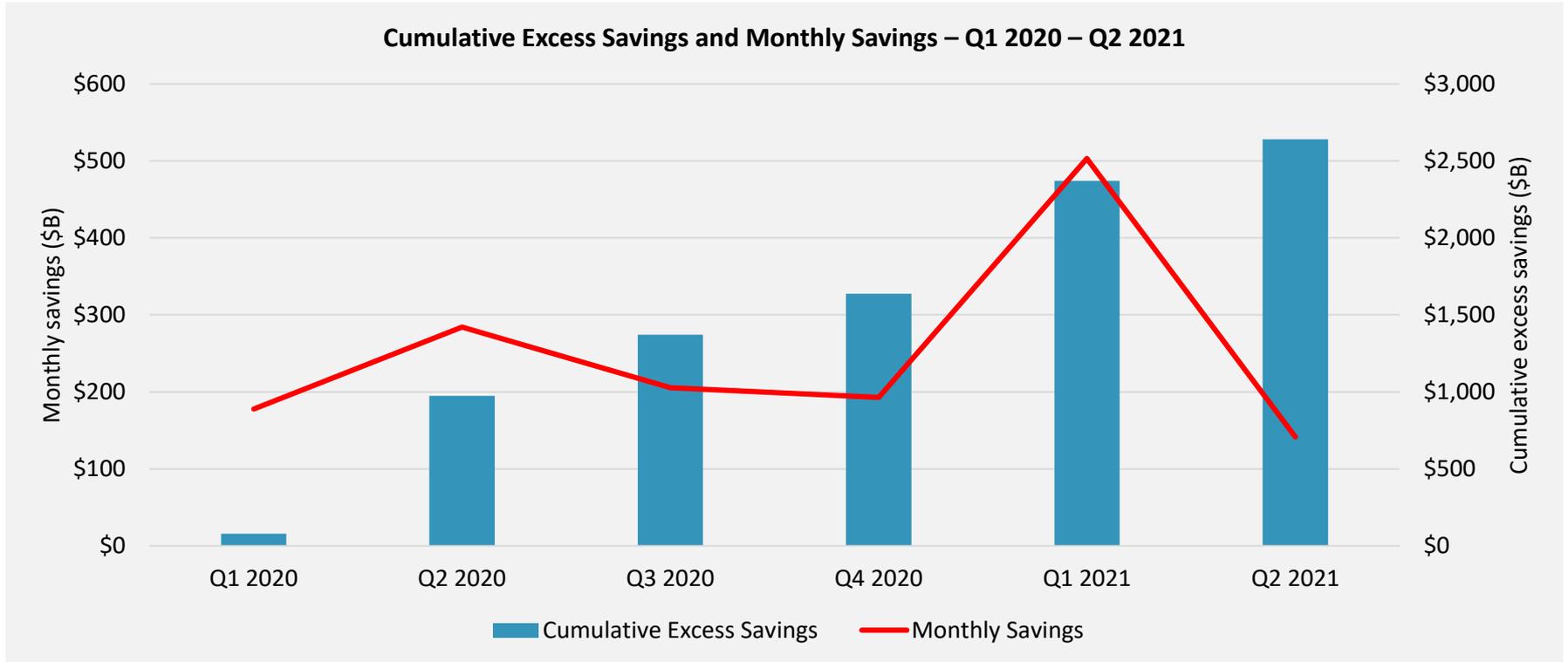
(Numbers in parentheses represent the number of institutions in each asset range of Massachusetts headquartered institutions)

Source: The Kafafian Group, Inc. analysis of S&P Global IQ Pro data as of 9/30/2021

CONSUMERS' CUMULATIVE EXCESS SAVINGS AND MONTHLY SAVINGS

THE PANDEMIC'S IMPACT ON CONSUMER SAVINGS

Cumulative excess savings and monthly savings experienced high levels of growth as the pandemic entered the U.S. in early 2020. Although monthly savings have decreased close to pre-covid levels, cumulative excess savings have exceeded \$2.5 trillion.



Source: S&P Global IQ Pro, "Q2'21 US Banking Industry Projections" 9/20/2021

THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

RECENT PERFORMANCE: SELECT PROFITABILITY RATIOS

*Return On Avg. Assets

MA Median: 0.68%
U.S. Median: 1.05%

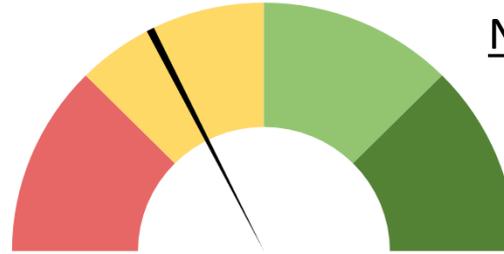


MA's **Median** ROAA ranks among the **25th** percentile Nationwide

**ROAA utilizes S&P Global Market Intelligence's adjustment for institutions that operate as Sub Chapter S Corporations.*

Net Interest Margin

MA Median: 2.97%
U.S. Median: 3.23%



MA's **Median** Net Interest Margin ranks among the **35th** percentile Nationwide

Efficiency Ratio

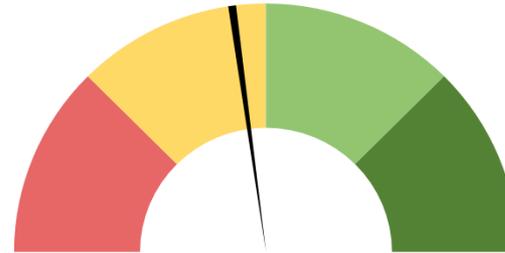
MA Median: 70.10%
U.S. Median: 63.40%



MA's **Median** Efficiency Ratio ranks among the **34th** percentile Nationwide

Cost of Funds

MA Median: 0.32%
U.S. Median: 0.29%



MA's **Median** Cost of Funds ranks among the **45th** percentile Nationwide

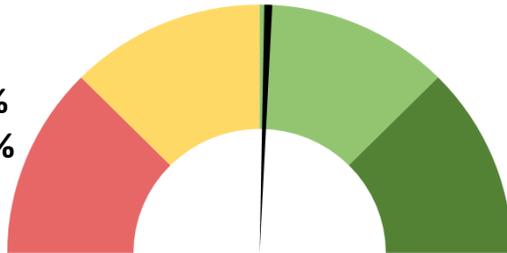
Source: The Kafafian Group, Inc. and S&P Global Market Intelligence. Presented for the quarter ended 9/30/2021. Data included reflects both commercial and mutual bank data.

THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

RECENT PERFORMANCE: SELECT BALANCE SHEET RATIOS

NPA/Assets

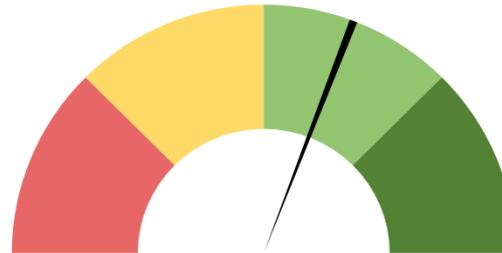
MA Median: 0.34%
U.S. Median: 0.34%



MA's **Median** NPA/Assets ranks among the **51st** percentile Nationwide

Tier 1 Leverage

MA Median: 10.72%
U.S. Median: 10.07%



MA's **Median** Tangible Equity/Tangible Assets ranks among the **61st** percentile Nationwide

CRE/Loans*

MA Median: 29.15%
U.S. Median: 22.30%

**non-owner occupied*



MA's **Median** Total CRE/Loans ratio ranks among the **64th** percentile Nationwide

Loans/Deposits

MA Median: 81.68%
U.S. Median: 68.69%



MA's **Median** Loan/ Deposit ratio ranks among the **75th** percentile Nationwide

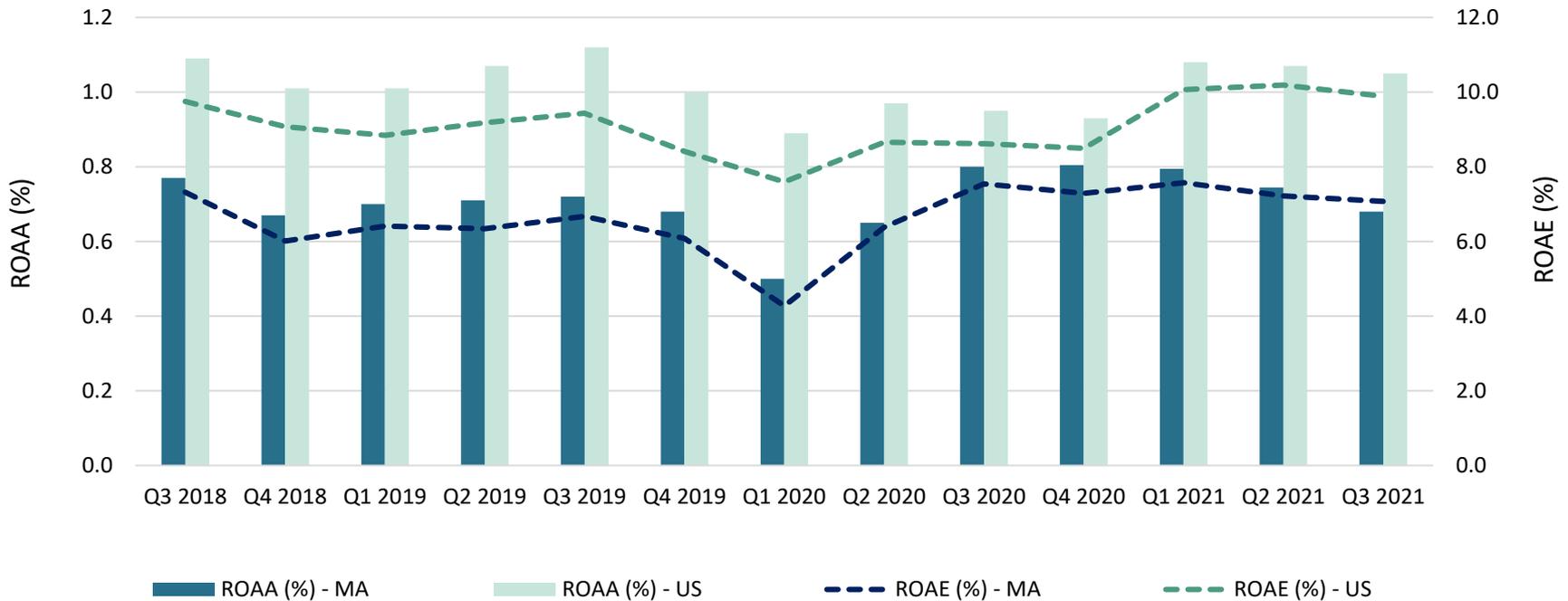
Source: The Kafafian Group, Inc. and S&P Global Market Intelligence. Presented for the quarter ended 9/30/2021. Data included reflects both commercial and mutual bank data.

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS

The ROAA and ROAE for Massachusetts banks and the U.S. both decreased in Q3 2021 from Q2 2021.

Profitability Highlights (Median %)

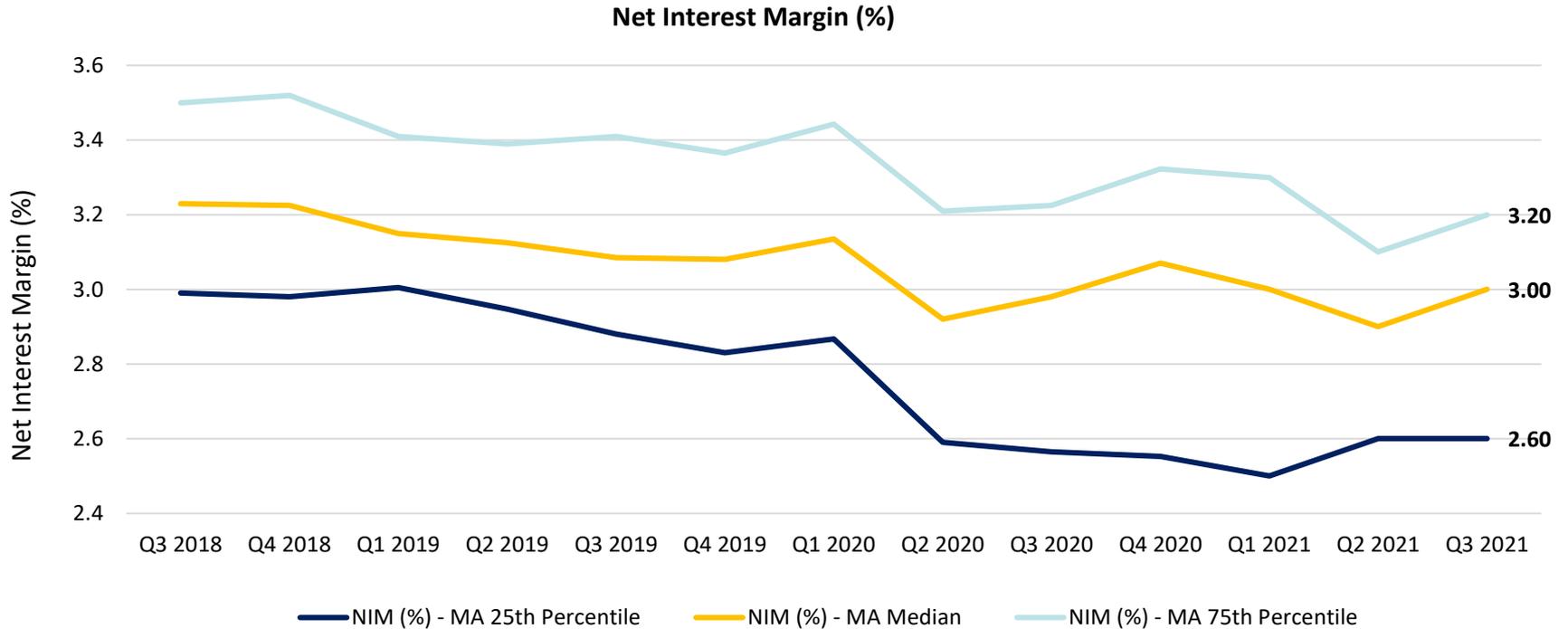


Source: The Kafafian Group, Inc. and S&P Global Market Intelligence. Presented for the quarter ended 9/30/2021. Data included reflects both commercial and mutual bank data.

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS (CONTINUED)

The Net Interest Margin for Massachusetts and U.S. banks increased on an aggregate level in Q3 2021 compared to Q2 2021. The spread between the Massachusetts 25th percentile and median widened in Q3 2021 to 39 basis points compared to 35 basis points in Q2 2021.

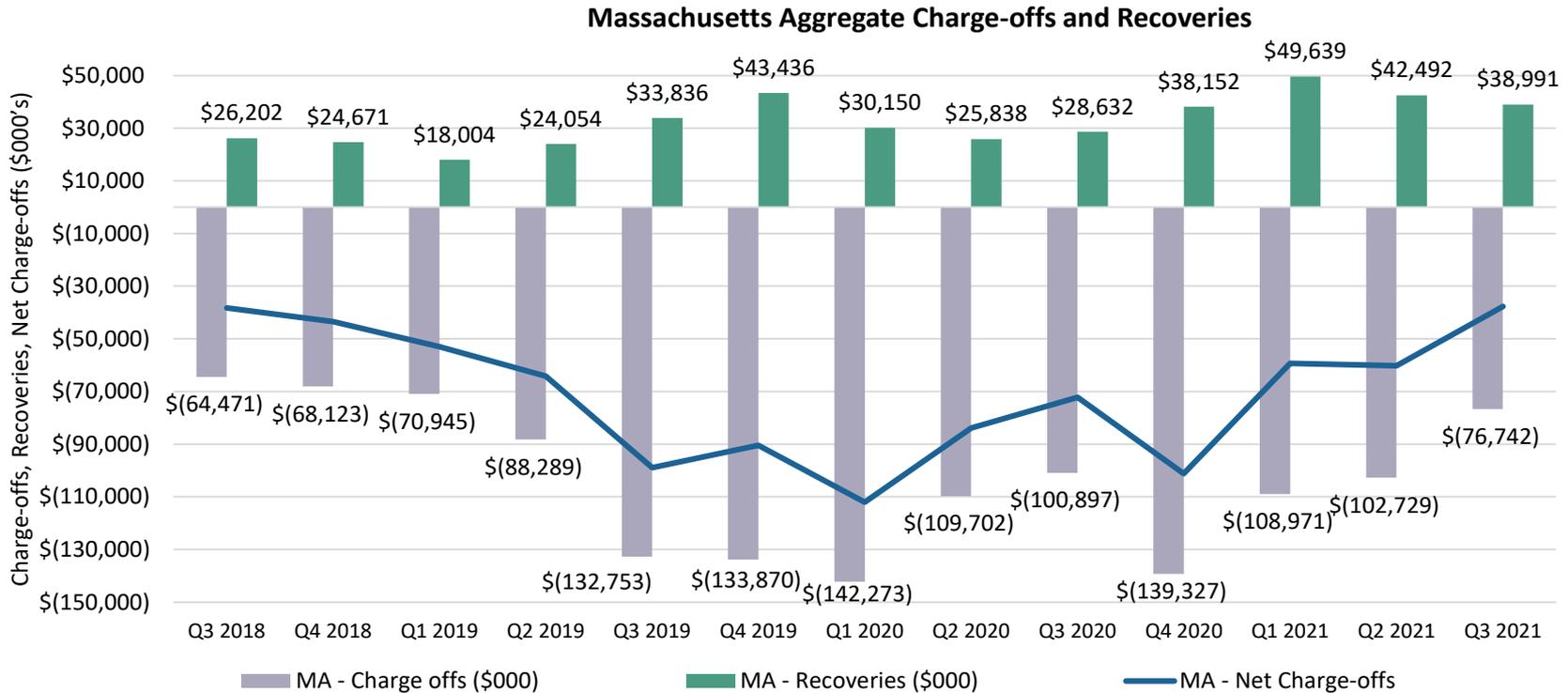


Source: The Kafafian Group, Inc. and S&P Global Market Intelligence. Presented for the quarter ended 9/30/2021. Data included reflects both commercial and mutual bank data.

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS (CONTINUED)

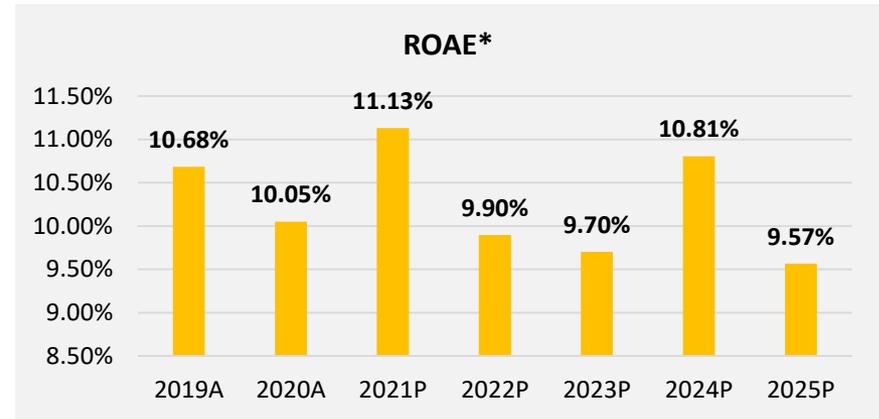
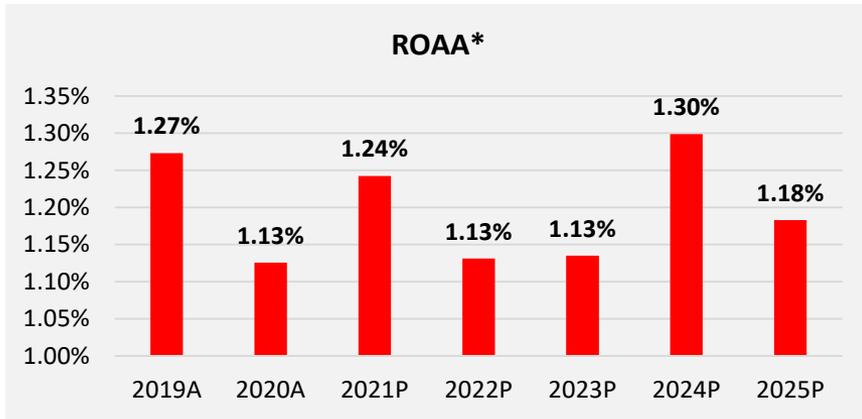
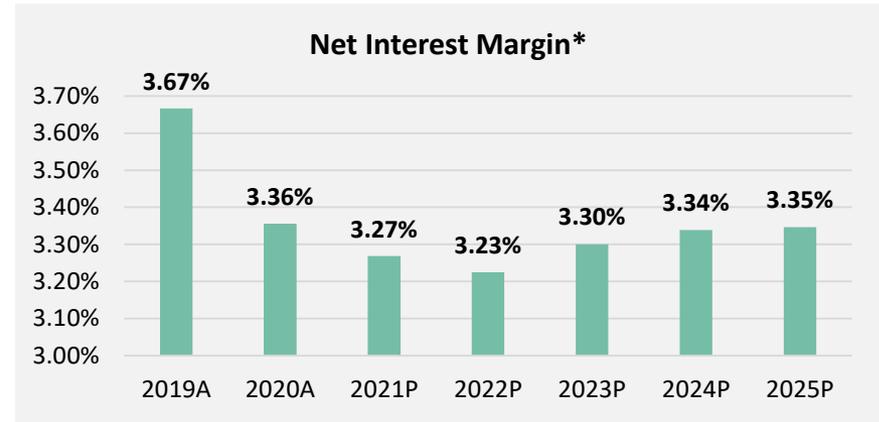
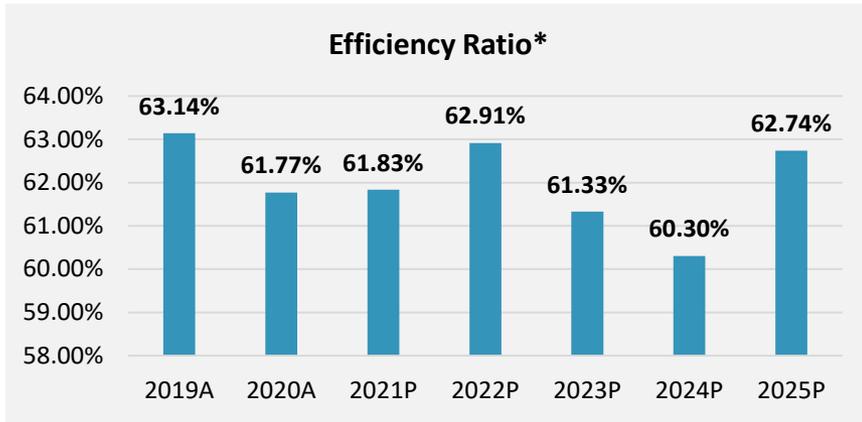
Net charge offs in Q3 2021 decreased over 35% from Q2 2021. Charge offs in Massachusetts were the 2nd lowest amount since Q1 2019.



Source: The Kafafian Group, Inc. and S&P Global Market Intelligence. Presented for the quarter ended 9/30/2021. Data included reflects both commercial and mutual bank data.

U.S. COMMUNITY BANK PROFITABILITY

U.S. COMMUNITY BANK PROFITABILITY PROJECTIONS



*A—Actual P—Projected

*Industry projections are based on surveyed economist consensus future interest rate environment estimates. Assuming the estimated interest rate environment, S&P Global Market Intelligence then projects growth, yields, and other metrics. Projections are current as of the report's date of publication.

Source: S&P Global IQ Pro, "Q2'21 US Community Bank Projections" 10/4/2021



MASSACHUSETTS M&A DEALS

DEALS INVOLVING MASSACHUSETTS TARGETS 2018-2021

| Date Announced | Date Completed | Buyer | Target | Buyer Financials at Announcement | | | | | | | Target Financials at Announcement | | | | | | | | |
|----------------|----------------|----------|---------------------------------|---|----------------------|----------------------|-----------------------|------------------|--------------|-------------|-----------------------------------|----------------------|----------------------|-----------------------|------------------|--------------|-------------|---------------|----------------|
| | | | | Buyer State | Total Assets (\$000) | Total Equity (\$000) | Tang. Eq./ Assets (%) | NPAs/ Assets (%) | ROAA (%) | ROAE (%) | Target State | Total Assets (\$000) | Total Equity (\$000) | Tang. Eq./ Assets (%) | NPAs/ Assets (%) | ROAA (%) | ROAE (%) | | |
| 1 | 04/22/21 | 11/12/21 | Independent Bank Corp. | Meridian Bancorp, Inc. | MA | 13,773,914 | 1,715,371 | 8.96 | 0.57 | 1.04 | 8.03 | MA | 6,503,925 | 789,084 | 11.84 | 0.07 | 1.17 | 10.12 | |
| 2 | 04/07/21 | 11/12/21 | Eastern Bankshares, Inc. | Century Bancorp, Inc. | MA | 16,726,795 | 3,387,045 | 18.42 | 0.49 | 0.42 | 2.50 | MA | 7,289,324 | 381,332 | 5.20 | 0.04 | 0.68 | 11.97 | |
| 3 | 01/04/21 | 07/01/21 | SVB Financial Group | Boston Private Financial Holdings, Inc. | CA | 96,916,771 | 7,967,380 | 8.05 | 0.12 | 1.47 | 15.87 | MA | 10,048,733 | 868,008 | 8.04 | 0.31 | 0.49 | 5.34 | |
| 4 | 02/18/20 | 02/01/21 | LendingClub Corporation | Radius Bancorp, Inc. | CA | 2,982,341 | 900,187 | 29.84 | 0.44 | (0.95) | (3.49) | MA | 1,390,254 | 123,778 | 8.78 | 0.92 | 0.47 | 5.09 | |
| 5 | 12/18/19 | 06/01/20 | Cambridge Financial Group, Inc. | Melrose Bancorp, Inc. | MA | 4,127,729 | 420,918 | 10.20 | 0.55 | 1.01 | 9.94 | MA | 340,813 | 40,647 | 11.93 | NA | 0.38 | 2.93 | |
| 6 | 12/05/19 | 06/01/20 | Cambridge Bancorp | Wellesley Bancorp, Inc. | MA | 2,841,868 | 243,345 | 7.43 | 0.13 | 0.98 | 11.82 | MA | 985,867 | 71,785 | 7.28 | NA | 0.70 | 9.48 | |
| 7 | 12/04/19 | 10/01/20 | Bridgewater Financial, MHC | Mansfield Co-operative Bank | MA | 622,905 | 61,192 | 9.68 | 0.00 | 0.57 | 6.09 | MA | 527,235 | 56,199 | 10.66 | 0.35 | 0.60 | 5.77 | |
| 8 | 06/18/19 | 01/01/20 | Fidelity Mutual Holding Company | Family Federal Savings, F.A. | MA | 975,595 | 80,347 | 8.12 | 1.12 | 0.57 | 6.75 | MA | 97,894 | 11,515 | 11.76 | 1.36 | 0.05 | 0.47 | |
| 9 | 04/09/19 | 10/01/19 | North Shore Bancorp | Beverly Financial, MHC | MA | 870,506 | 94,795 | 10.78 | 0.65 | 0.82 | 7.61 | MA | 486,825 | 41,525 | 8.53 | 0.30 | 0.72 | 8.40 | |
| 10 | 02/27/19 | 10/21/19 | Hometown Financial Group MHC | Millbury Savings Bank | MA | 2,156,458 | 239,595 | 10.58 | 0.65 | 0.90 | 8.07 | MA | 228,126 | 28,414 | 12.46 | 0.76 | 0.81 | 6.72 | |
| 11 | 02/06/19 | 05/17/19 | Hometown Financial Group MHC | Abington Bank | MA | 2,156,458 | 239,595 | 10.58 | 0.65 | 0.90 | 8.07 | MA | 314,124 | 33,134 | 9.92 | 1.31 | 0.47 | 4.45 | |
| 12 | 11/27/18 | 04/01/19 | People's United Financial, Inc. | BSB Bancorp, Inc. | CT | 44,133,200 | 5,958,900 | 8.16 | 0.68 | 1.00 | 7.54 | MA | 2,971,807 | 197,950 | 6.66 | 0.19 | 0.74 | 11.00 | |
| 13 | 11/06/18 | 04/30/19 | North Easton Savings Bank | Mutual Bank | MA | 553,147 | 44,710 | 8.08 | 0.29 | 0.17 | 2.10 | MA | 517,988 | 46,560 | 8.99 | 0.31 | 0.59 | 6.65 | |
| 14 | 09/20/18 | 04/01/19 | Independent Bank Corp. | Blue Hills Bancorp, Inc. | MA | 8,381,002 | 977,065 | 9.06 | 0.86 | 1.29 | 11.02 | MA | 2,741,162 | 400,245 | 14.31 | 0.52 | 0.70 | 4.54 | |
| 15 | 08/14/18 | 04/01/19 | Equitable Bancorp, MHC | South Shore Mutual Holding Company | MA | 332,850 | 33,606 | 9.83 | 0.45 | 0.41 | 4.08 | MA | 522,836 | 47,839 | 8.87 | 1.12 | 0.29 | 3.07 | |
| 16 | 07/25/18 | 01/31/19 | Hometown Financial Group MHC | Pilgrim Bancshares, Inc. | MA | 2,085,756 | 225,345 | 10.22 | 0.69 | 0.72 | 6.67 | MA | 265,562 | 34,350 | 12.93 | 1.34 | 0.52 | 4.04 | |
| 17 | 05/29/18 | 11/14/18 | Independent Bank Corp. | MNB Bancorp | MA | 8,090,410 | 956,059 | 9.12 | 0.91 | 1.18 | 10.09 | MA | 365,356 | 29,918 | 8.19 | 0.44 | 0.55 | 6.19 | |
| 18 | 04/30/18 | 08/20/18 | Salem Five Bancorp | Sage Bank | MA | 4,677,837 | 472,509 | 9.44 | 0.38 | 0.72 | 6.98 | MA | 141,727 | 10,234 | 7.22 | 1.48 | (1.25) | (15.66) | |
| 19 | | | | | | High | 96,916,771 | 7,967,380 | 29.84 | 1.12 | 1.47 | 15.87 | | 10,048,733 | 868,008 | 14.31 | 1.48 | 1.17 | 11.97 |
| 20 | | | | | | Low | 332,850 | 33,606 | 7.43 | 0.00 | (0.95) | (3.49) | | 97,894 | 10,234 | 5.20 | 0.04 | (1.25) | (15.66) |
| 21 | | | | | | Average | 11,800,308 | 1,334,331 | 10.92 | 0.54 | 0.73 | 7.21 | | 1,985,531 | 178,473 | 9.64 | 0.68 | 0.48 | 5.03 |
| 22 | | | | | | Median | 2,912,105 | 332,132 | 9.56 | 0.56 | 0.86 | 7.58 | | 520,412 | 47,200 | 8.93 | 0.48 | 0.57 | 5.55 |

Criteria:

- Transactions announced after December 31, 2017
- Target is Massachusetts headquartered bank

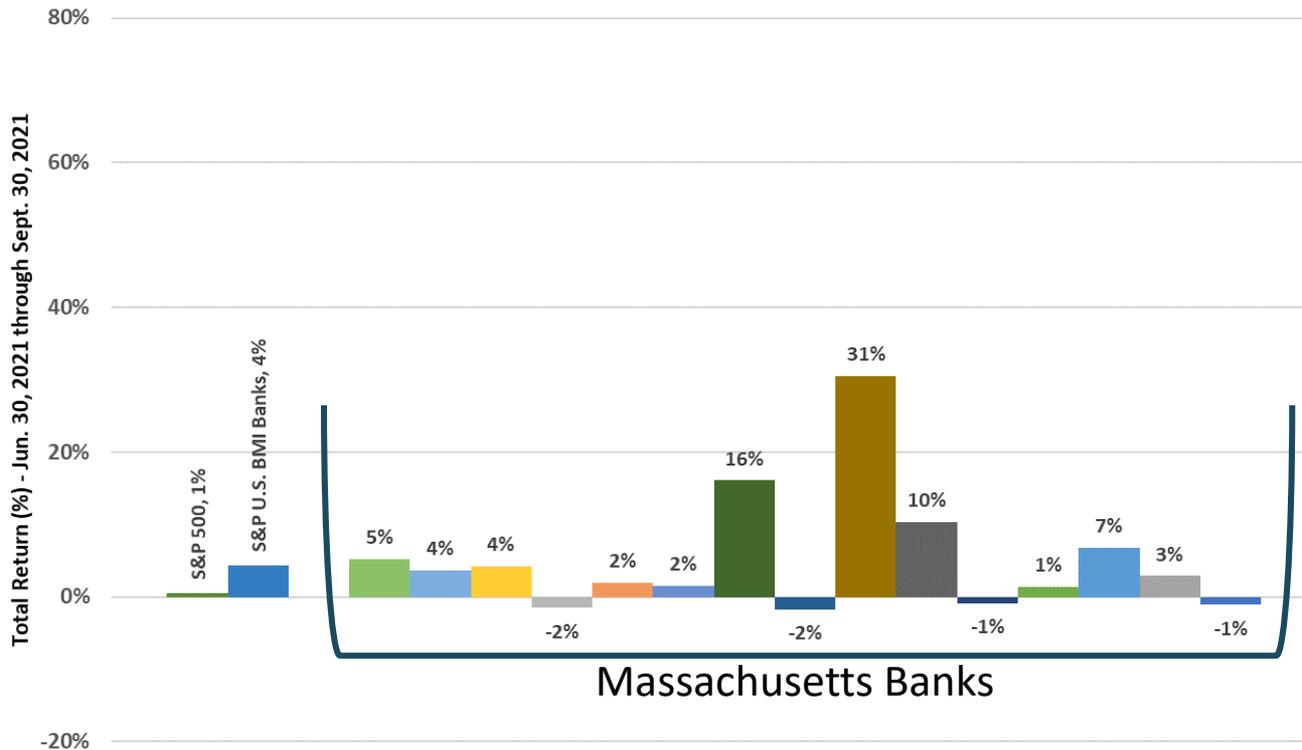
Source: The Kafafian Group, Inc. analysis of S&P Global IQ Pro data



TOTAL RETURN

TOTAL RETURN: JUNE 30, 2021 THROUGH SEPTEMBER 30, 2021

Publicly traded Massachusetts Headquartered Banks were below the S&P U.S. BMI Banks Index and above the S&P 500 for the third quarter of 2021. The median total return for Massachusetts banks was 3%, while the S&P U.S. BMI Banks Index was 4% and the S&P 500 was 1%.



Source: The Kafafian Group, Inc. and S&P Global Market Intelligence data as of 9/30/2021



PROPOSED LEGISLATION

MASSACHUSETTS STATE BANK

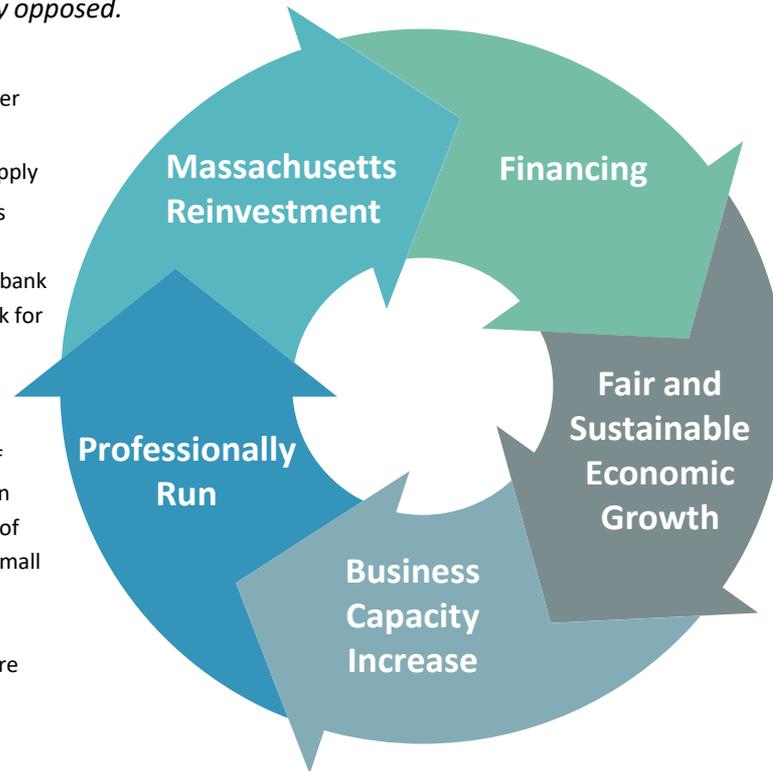
Massachusetts house bill H.1223 (senate bill S.665) is one of three pending bills with a common objective of establishing a Massachusetts Public Bank similar to the Bank of North Dakota. The bill was referred to the Massachusetts joint committee on financial services and a hearing was held October 26, 2021 to determine future developments. Below are ways that proponents believe the state bank can help Massachusetts, however, the MBA remains strongly opposed.

Massachusetts Reinvestment

- State revenues have potential to stretch further by state banking system
- Larger banking system expands the money supply
- State funds are currently in the Massachusetts Municipal Depository Trust which invests nationally and internationally – a state public bank could bring some of those dollars back to work for Massachusetts communities

Professionally Run

- Board of directors will be drawn from areas of expertise in financial and public administration
- Board of advisors will represent the concerns of municipalities, underserved neighborhoods, small business, community development and community development finance, community banks and credit unions, sustainable agriculture and food security, workers’ interests, climate change and green finance, and environmental justice



Financing

- Provides financing to cities and towns seeking alternatives to the bond market for infrastructure projects
- Very small, small, and medium-sized businesses paying livable wages
- Job creation through creation of new businesses and expansion of existing ones

Fair and Sustainable Economic Growth

- Addressing past and present inequities based on gender, race, and economic injustice
- Support initiatives that promote sustainable agricultural production and mitigate dangers to the environment
- Increase opportunities to build affordable housing

Business Capacity Increase

- Strengthens local state-chartered banks by joining with them to make community beneficial loans
- Provides further local financing for community development institutions
- Does not transfer state funds money out of Massachusetts banks

Source: Massachusetts Public Banking

IN THE NEWS

MASSACHUSETTS BANKS AND BANKERS IN THE NEWS

Should Massachusetts create a public bank?

September 16, 2021, 2:50 p.m.

HarborOne to take East Boston Savings branches from Rockland Trust

Sep 23, 2021, 9:45am EDT

Berkshire Bank to ramp up lending in ESG push

Sep 15, 2021, 10:08am EDT

Berkshire pursuing 'banker-driven' Boston expansion, CEO says

Jul 1, 2021, 5:45am EDT

Cambridge Savings joins big banks in launch of standalone digital bank

Jul 15, 2021, 2:36pm EDT

After drama, Silicon Valley Bank parent closes on Boston Private deal

Jul 1, 2021, 2:30pm EDT

Boston-based Brookline Bancorp appoints chairman, makes leadership changes

Monday, June 14, 2021 5:37 PM ET

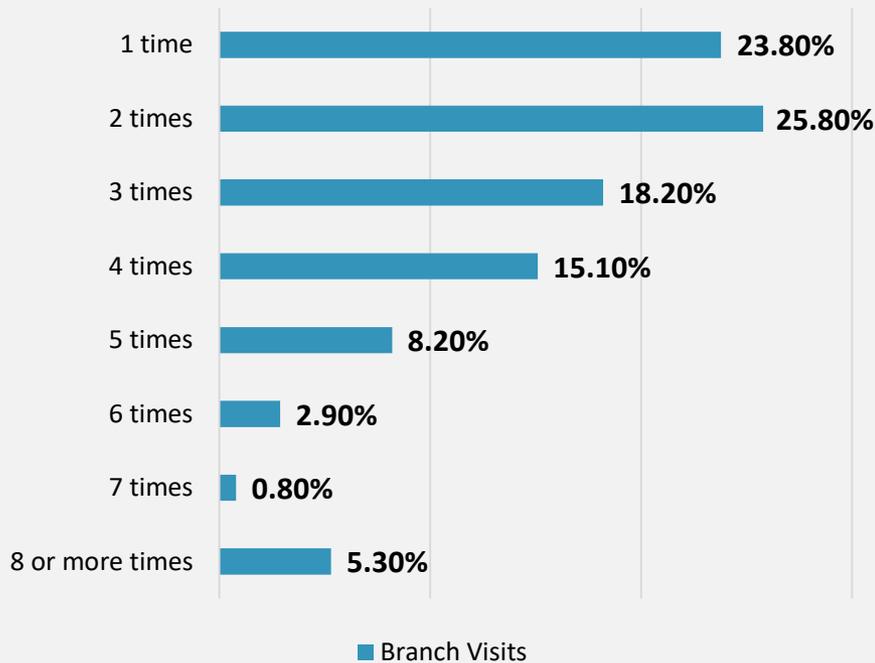
Source: Boston Globe, Boston Business Journal , S&P Global IQ Pro



BRANCH TRENDS AND TECHNOLOGY

BRANCH VISIT TRENDS AND MOBILE APP USAGE

How Many Times in the Last 30 Days Did You Visit a Branch of Your Primary Bank (e.g., to Visit an ATM, Talk to Teller, Use the Drive-Thru)? (Select only one)*

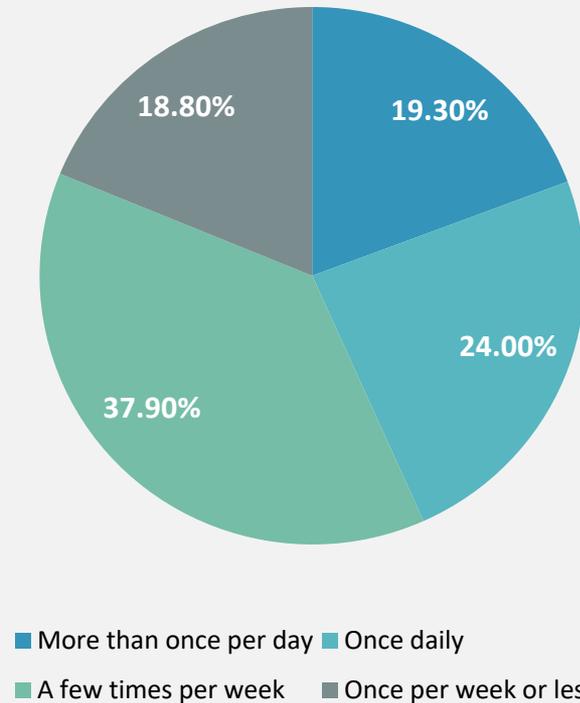


(n=1,382)

*At least one branch visit

Source: S&P Global IQ Pro "2021 U.S. Mobile Banking Survey" 9/13/2021

How Often Do You Use the Mobile Banking App for Your Primary Checking Account?



(n=3,836)

OTHER INDUSTRY RESOURCES

INSIGHT AND ANALYSIS FROM INDUSTRY EXPERTS

Our podcasts and insights focus on different topics throughout our five service lines of business. Below are our most recent insight publications. Click any of the topics to be taken to the podcast or perspective article!



TKG Monthly Podcast

[COVID's Ongoing Impact on Bank Branches](#)

[The Future of FinTech! Are You Ready?!](#)

[Data Cleansing & Data Governance: What the heck does that mean?](#)

[M&A From a Strategic Perspective](#)



TKG Quarterly Perspectives

[Rest in Peace Purple Pen](#)

[Mortgage Lenders Experienced Record Profits – Could They Have Done Better?](#)

[Branch vs. Lending Organizations: Which Organization Won the 2020 Profitability Battle?](#)

[Conscious Banking](#)

Source: www.kafafiangroup.com

THE KAFAFIAN GROUP, INC.

FIRM OVERVIEW – LINES OF BUSINESS



Performance Measurement

- Outsourced profitability reporting
- Funds transfer pricing (FTP)
- Activity-based cost (ABC) assignments
- Capital assignment and risk-adjusted return on capital (RAROC)
- Profitability system audits and implementations
- Peer group reporting



Strategic Management

- Strategic planning
- Board and management retreat facilitation
- Capital planning
- Stress testing
- Profit planning
- Business planning
- Customer and data analytics
- Feasibility studies



Profit and Process Improvement

- Profit improvement studies (whole institution or divisions or units)
- Process improvement studies (whole institution or divisions or units)



Management Advisory

- Board and management studies
- Regulatory distress assistance
- Regulatory applications
- Board and management training
- Model validation and documentation
- Risk management



Financial Advisory

- Whole institution M&A
- Fee-based lines of businesses
- Branch purchase or sale
- Fairness opinions
- Valuation reports
- Strategic alternatives (TKG's 360 View) and value gap planning
- Capital management strategies
- Expert witness
- Forensic accounting

Source: www.kafafiangroup.com