



Massachusetts
Bankers
Association

**THE
KAFAFIAN
GROUP**

STATE OF THE INDUSTRY: MASSACHUSETTS Q1 2022

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

Inflation is still a major issue as the Federal Open Market Committee continues to combat rising prices by increasing the Federal Funds Target Rate and shrinking its balance sheet. More rate hikes are likely to come.

2

Deposit betas will be a key component to improving net interest margin. While recent surveys indicate 2022 and 2023 deposit betas will remain low, online banks may move differently, most recently Wealthfront raised savings rates to 0.85% from 0.35%.

3

Rising rates drove bank AOCI down materially in the first quarter. However, the vast majority of banks elect to “opt out” of including AOCI in regulatory capital calculations. Meaning most banks should not see a materials change in regulatory capital due to fair value adjustments in their AFS security portfolio.

4

Overdraft fees are being targeted by regulators. Some banks have already either entirely removed overdraft fees or modified programs. For example, some banks offer no charges if the overdraft is less than \$50.

5

Massachusetts banks improved ROAA and ROAE, while U.S. banks experienced a modest decline in Q1 2022. In terms of overall shareholder return the median of Massachusetts banks’ total return was -1%, outperforming the S&P 500 and the S&P U.S. BMI Banks Index.

Source: The Kafafian Group, Inc.



ECONOMIC SNAPSHOT

EMPLOYMENT & HOUSING

EMPLOYMENT		Measure	Apr-22	Mar-22	Feb-22	Change from Prior Month (%) or actual change	Change from Prior Year (%) or actual change
1	Unemployment Rate (National Seasonally Adj)	%	3.6	3.6	3.8	-	-2.4
2	Unemployment Rate in Massachusetts (Not Seasonally Adj)	%	NA	3.6	3.6	0.0	-2.4
3	All Employees, Total Nonfarm	000's	151,314	150,886	150,458	0.28%	4.58%
4	Labor Force Participation Rate	%	62.2	62.4	62.3	-0.2	0.5
			5/7/2022	4/9/2022	3/12/2022		
5	Initial Claims (Weekly)		203,000	202,000	181,000	0.50%	-58.91%

HOUSING		Measure	Apr-22	Mar-22	Feb-22	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	286.7	1.73%	19.80%
7	S&P/Case-Shiller MA-Boston Home Price Index		NA	NA	296.5	2.52%	14.57%
8	Housing Affordability Index		NA	NA	135.4	-5.38%	-22.72%
9	New Privately-Owned Housing Units Started: Single-Family Units	000's	NA	1,200.0	1,221.0	-1.72%	-4.38%
10	New Privately-Owned Housing Units Started: Single-Family Units in the Northeast Census Region	000's	NA	64.0	73.0	-12.33%	-32.63%
11	30-Year Fixed Rate Mortgage Average in the United States	%	4.98	4.17	3.76	0.81	1.92
			4Q2021	3Q2021	2Q2021		
12	Delinquency Rate on Single-Family Residential Mortgages	%	2.33	2.30	2.41	0.03	-0.52

Source: The Kafafian Group, Inc. analysis of data provided by the Federal Reserve Bank of St. Louis, data where available as of 5/12/2022



ECONOMIC SNAPSHOT

MARKET/RATES, CONSUMER, & PRODUCTION/PRICES

(End of Period)	MARKET/RATES	Measure				Change from	Change from
			Apr-22	Mar-22	Feb-22	Prior Month (%) or actual change	Prior Year (%) or actual change
13	S&P 500		4,131.9	4,530.4	4,373.9	-8.80%	-1.18%
14	Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity	%	2.89	2.32	1.83	0.57	1.24
15	TED Spread	%	0.15	0.12	0.08	0.03	-
16	Bank Prime Loan Rate	%	3.50	3.50	3.25	-	0.25
17	Federal Funds Effective Rate	%	0.33	0.33	0.08	-	0.28

	CONSUMER	Measure				Change from	Change from
			Apr-22	Mar-22	Feb-22	Prior Month (%) or actual change	Prior Year (%) or actual change
18	Personal Consumption Expenditures: Chain-type Price Index		NA	121.0	120.0	0.87%	6.59%
19	Retail Sales: Excluding Motor Vehicle and Parts	\$mil	NA	539,088	531,391	1.45%	8.73%
20	University of Michigan: Consumer Sentiment		NA	59.40	62.80	-5.41%	-30.04%
21	Personal Saving Rate	%	NA	6.20	6.80	(0.60)	(20.40)

	PRODUCTION/PRICES	Measure				Change from	Change from
			Apr-22	Mar-22	Feb-22	Prior Month (%) or actual change	Prior Year (%) or actual change
22	Consumer Price Index		NA	288.66	287.71	0.33%	8.22%
23	ISM Manufacturing: PMI		57.10	58.60	57.60	(1.50)	(6.60)
24	ISM Services: PMI		58.30	56.50	59.90	1.80	(3.90)
			1Q2022	4Q2021	3Q2021		
25	Gross Domestic Product (Change from Prior, annualized rate)*	%	6.50	14.50	8.40	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 5/12/2022



STATE ECONOMIC TRENDS

NEW ENGLAND REGIONAL ECONOMIC TRENDS

The below highlights unemployment rate and salary trends in New England for the past two quarters. Massachusetts had the highest 12 month percentage change in Nonfarm Wage and Salary in the New England region.

Unemployment Rate %						
State	Oct2021	Nov2021	Dec2021	Jan2022	Feb2022	Mar2022
1 Massachusetts	5.00	4.80	4.60	4.80	4.70	4.30
2 Connecticut	5.40	5.20	5.10	5.30	4.90	4.60
3 Rhode Island	5.00	4.70	4.50	4.20	3.90	3.40
4 New Hampshire	3.10	3.00	3.00	2.90	2.70	2.50
5 Vermont	3.10	3.10	3.10	3.00	2.90	2.70
Nonfarm Wage and Salary Employment 12 Month % Change						
State	Oct2021	Nov2021	Dec2021	Jan2022	Feb2022	Mar2022
6 Massachusetts	5.00	5.00	5.50	5.20	5.30	5.40
7 Connecticut	2.80	3.30	3.50	3.30	3.30	3.00
8 Rhode Island	2.90	3.50	5.20	4.00	4.20	3.60
9 New Hampshire	3.60	3.50	4.70	3.00	3.90	3.80
10 Vermont	2.40	2.90	4.70	4.60	4.20	3.50
Finance Activities Wage and Salary Employment 12 Month % Change						
State	Oct2021	Nov2021	Dec2021	Jan2022	Feb2022	Mar2022
11 Massachusetts	-0.70	-1.00	-1.10	-1.70	-1.70	-1.90
12 Connecticut	-1.80	-2.10	-1.80	-1.20	-0.30	-0.90
13 Rhode Island	0.00	1.50	1.20	0.60	0.60	0.00
14 New Hampshire	2.90	2.90	2.00	2.00	1.40	1.20
15 Vermont	0.00	-0.80	1.70	0.00	0.80	1.70

Source: Bureau of Labor Statistics

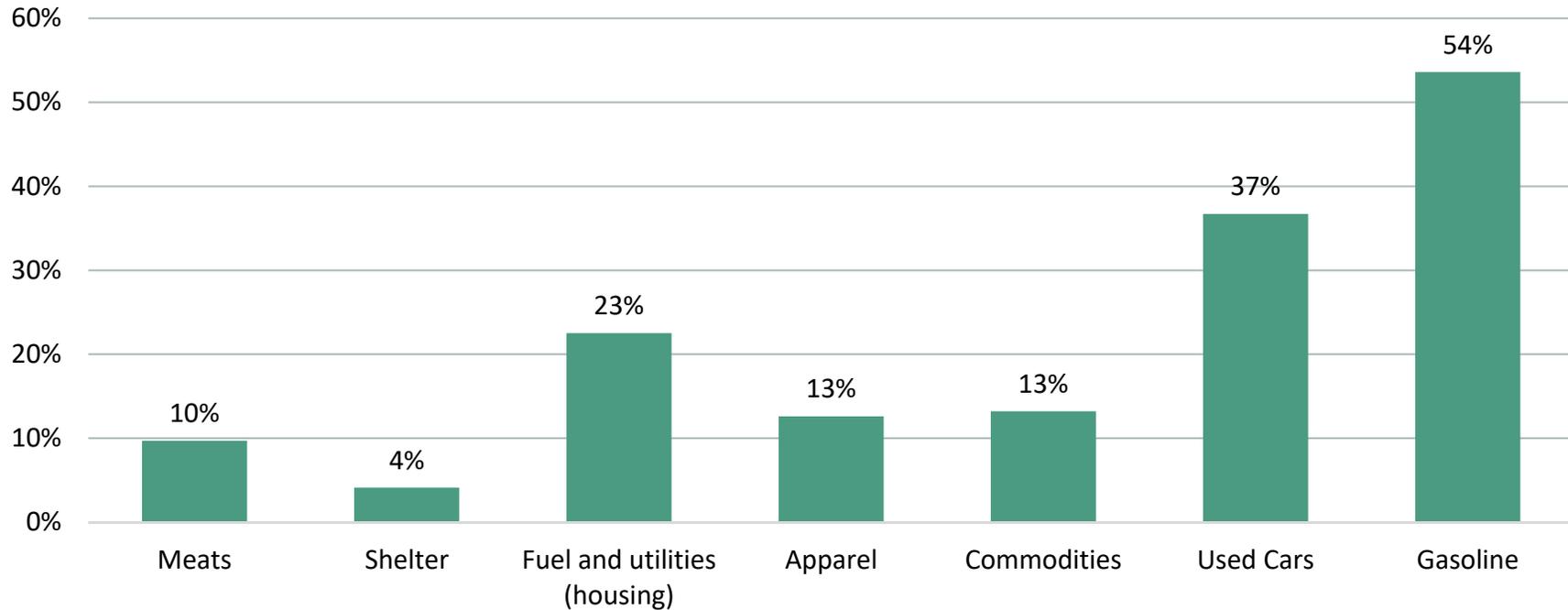


INFLATION

TRENDS IN INFLATION IN THE BOSTON-CAMBRIDGE-NEWTON METROPOLITAN STATISTICAL AREA

The below shows year over year inflationary increases on everyday necessities between March 2021 and March 2022. Price increases are making it more difficult to find areas to cut costs and save, especially for individuals and businesses that require significant usage of transportation.

**Select Consumer Price Index Metrics:
Boston-Cambridge-Newton**



Source: Bureau of Labor Statistics

INTEREST RATE ENVIRONMENT

CME GROUP'S FEDWATCH TOOL

In November 2021 there was only a 26% probability of a rate hike at the March 16, 2022 meeting, by mid-January 2022 that probability increased to 100%. As of May 13, 2022, the probability of the target rate being 125-150bps is 92.5% and 150-175bps is 7.5%.

MEETING PROBABILITIES												
MEETING DATE	125-150	150-175	175-200	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425
6/15/2022	82.9%	17.1%	0.0%	0.0%								
7/27/2022	0.0%	0.0%	80.7%	18.9%	0.5%	0.0%	0.0%	0.0%	0.0%			
9/21/2022	0.0%	0.0%	0.0%	40.3%	49.8%	9.7%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
11/2/2022	0.0%	0.0%	0.0%	0.0%	38.5%	49.3%	11.5%	0.7%	0.0%	0.0%	0.0%	0.0%
12/14/2022	0.0%	0.0%	0.0%	0.0%	1.8%	39.0%	47.6%	11.0%	0.6%	0.0%	0.0%	0.0%
2/1/2023	0.0%	0.0%	0.0%	0.0%	0.9%	21.0%	43.4%	28.7%	5.6%	0.3%	0.0%	0.0%
3/15/2023	0.0%	0.0%	0.0%	0.0%	0.5%	11.2%	32.5%	35.9%	16.9%	2.9%	0.2%	0.0%
5/3/2023	0.0%	0.0%	0.0%	0.0%	0.4%	9.5%	29.1%	35.3%	19.9%	5.2%	0.6%	0.0%
6/14/2023	0.0%	0.0%	0.0%	0.0%	0.3%	8.1%	26.0%	34.3%	22.3%	7.5%	1.3%	0.1%
7/26/2023	0.0%	0.0%	0.0%	0.0%	0.3%	8.0%	25.8%	34.2%	22.5%	7.7%	1.4%	0.1%

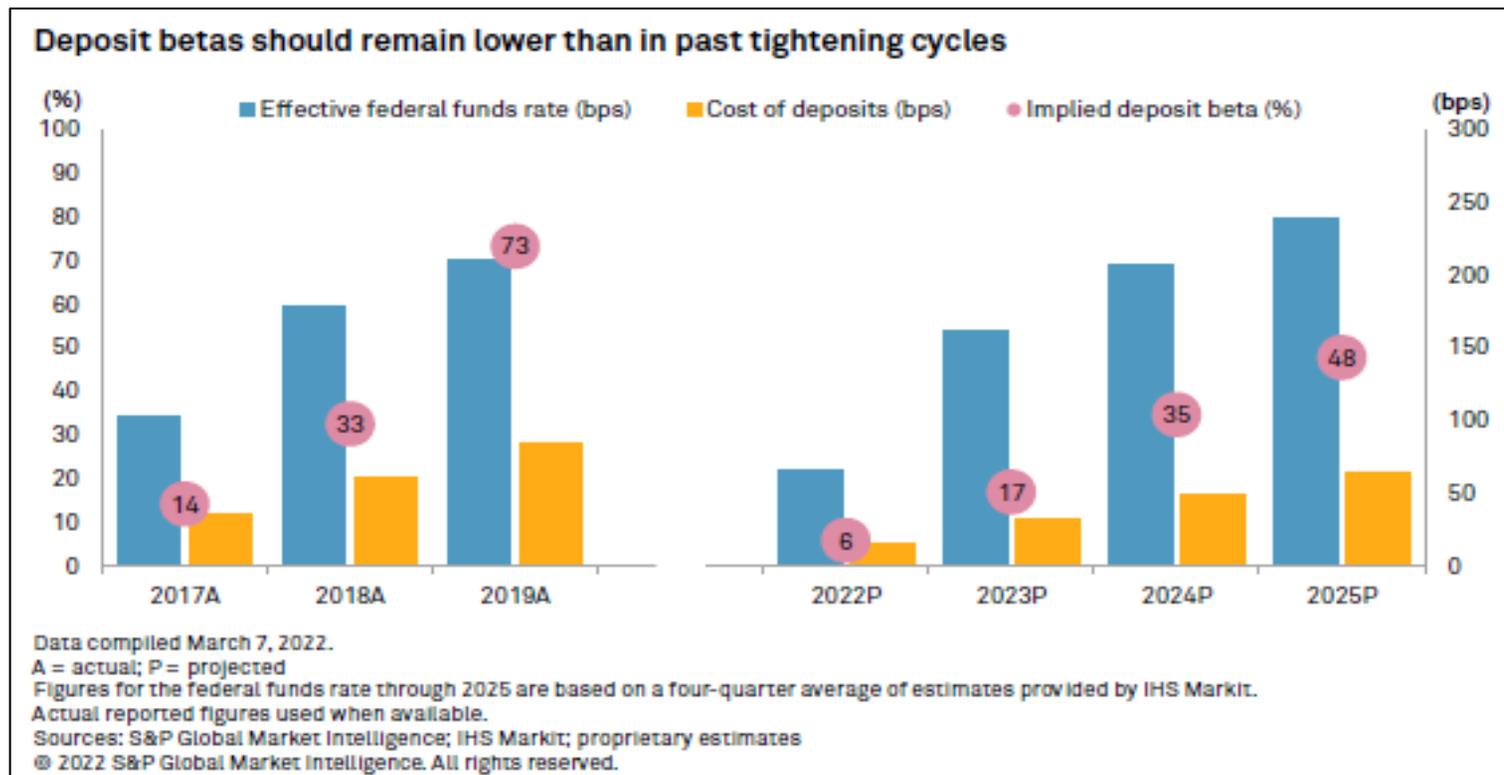
Source: The Kafafian Group, Inc, CME Group data as of 5/13/2022



INTEREST RATE ENVIRONMENT

DEPOSIT BETAS

With rising rates there is potential for banks to improve net interest margin. However, a key component will be whether or not deposit betas are low. The next few months will be an important test for the strength of core deposit relationships.

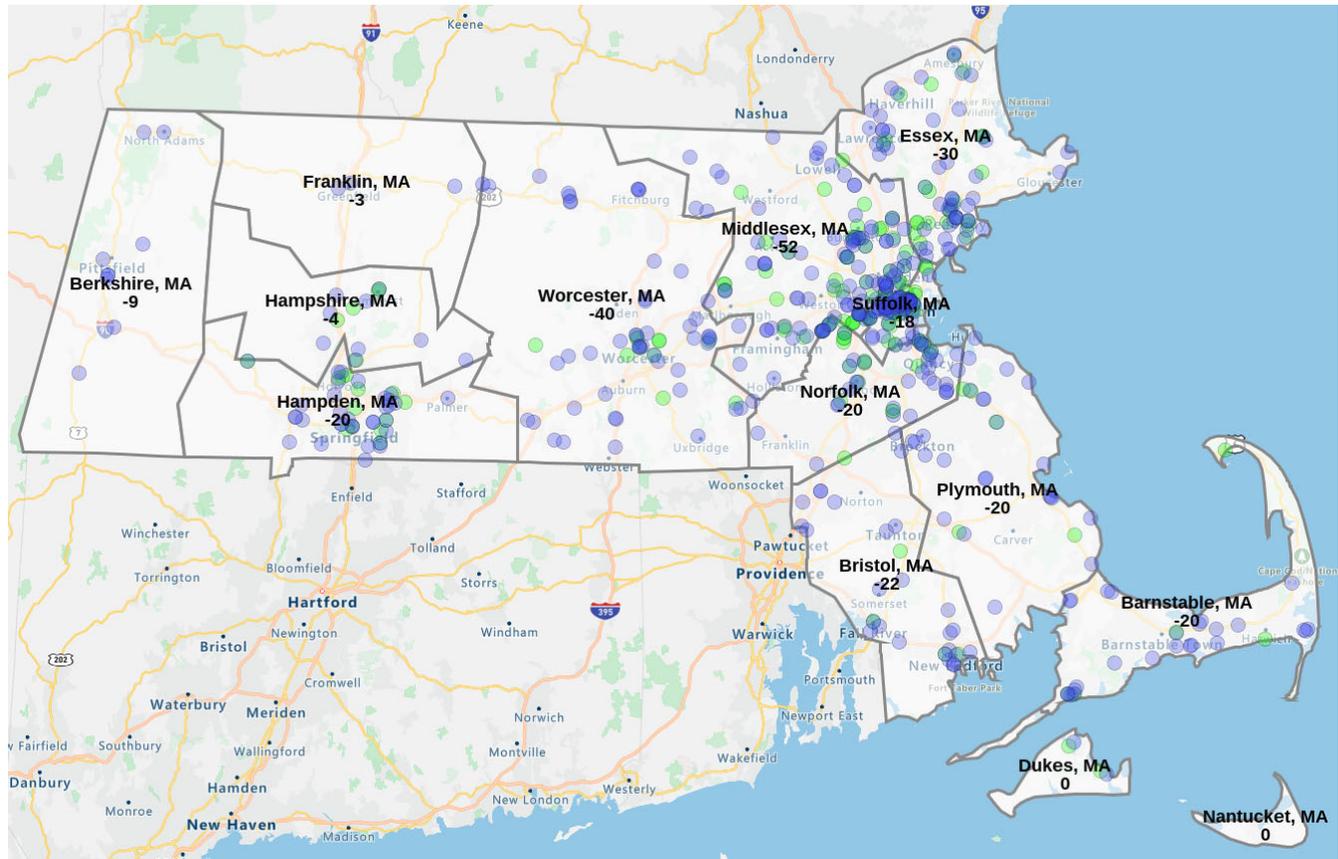


Source: S&P Capital IQ Pro

MASSACHUSETTS BRANCH ACTIVITY

BRANCH TRENDS SINCE 2016

From January 1, 2016 to today, in the state of Massachusetts, total branches declined by 258, similar to national trends.



County	2016 - Today Net Branch Change
Barnstable, MA	(20)
Berkshire, MA	(9)
Bristol, MA	(22)
Dukes, MA	0
Essex, MA	(30)
Franklin, MA	(3)
Hampden, MA	(20)
Hampshire, MA	(4)
Middlesex, MA	(52)
Nantucket, MA	0
Norfolk, MA	(20)
Plymouth, MA	(20)
Suffolk, MA	(18)
Worcester, MA	(40)

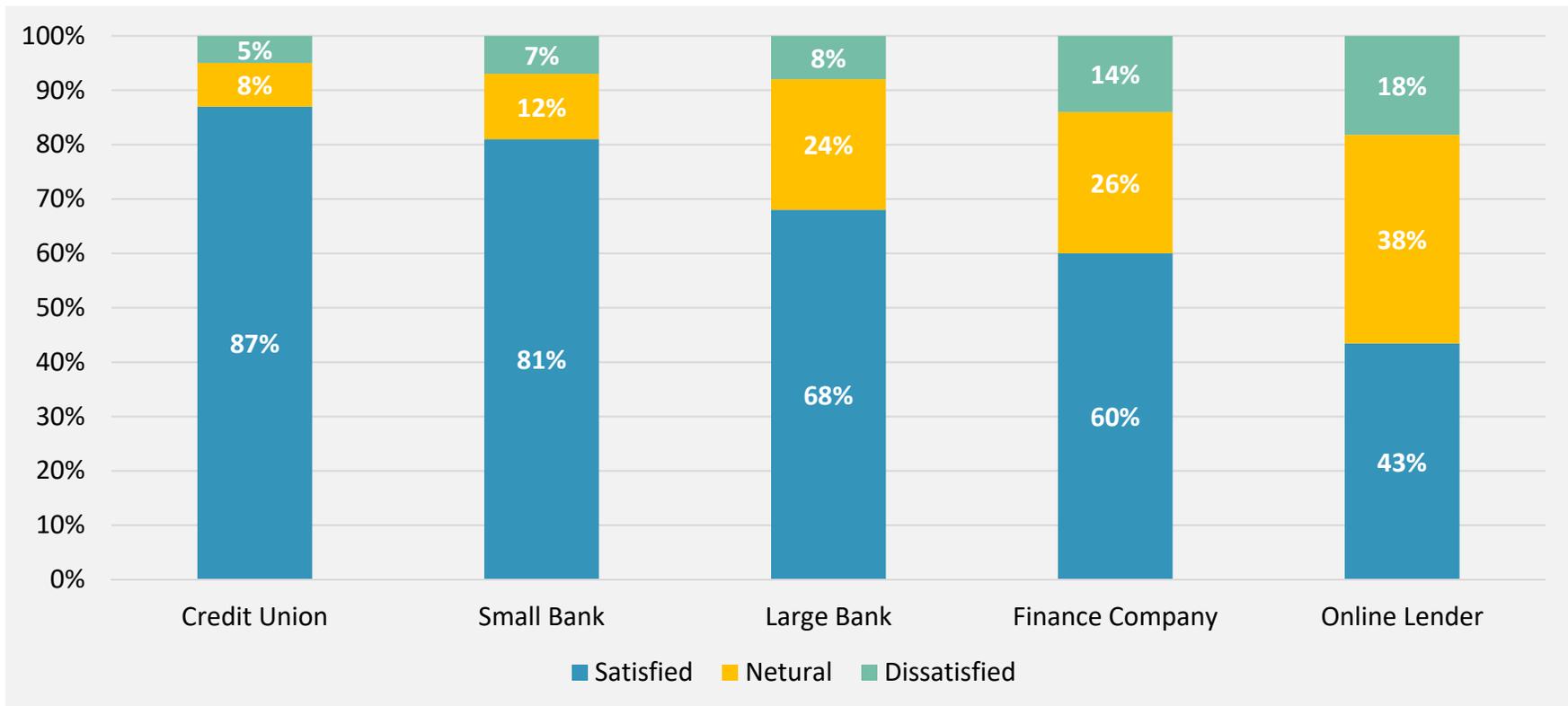
- OPENED BRANCH (186 TOTAL)
- CLOSED BRANCH (444 TOTAL)

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

LENDING SATISFACTION

SMALL BUSINESS LENDING EXPERIENCES

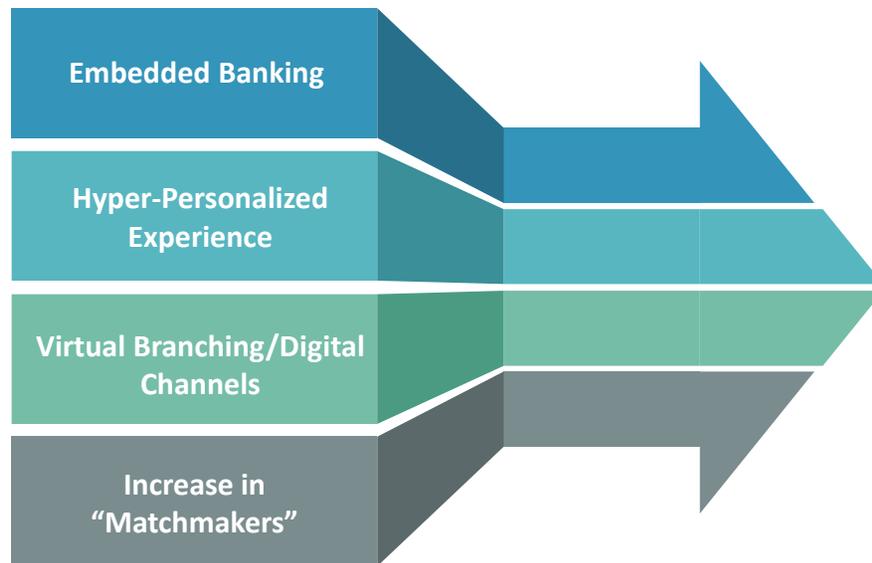
Small businesses consistently have the best lending experiences with small banks and credit unions compared to larger financial institutions and non-bank lenders.



Source: Federal Reserve Bank, "Small Business Credit Survey 2021 Report on Employer Firms"

TECH TRENDS TO WATCH FOR IN 2022

TECH TRENDS IN 2022



Embedded Banking

Embedded banking (banking outside of a branch) will likely continue to grow and financial providers will try to offer products that are the most useful to their clients at that time. An example of this is offering a mortgage as someone who is shopping online for a new home and offering home equity loans to some searching for contractors

Hyper-Personalized Experience

Banks may build strategies that will use personal information that customers share, artificial intelligence and machine learning to create hyper-personalized experiences, such as alerts about potential shortfalls in their accounts based on historical transaction activity.

Virtual Branching/Digital Channels

Virtual branches will combine in-person and digital interactions. For example, Arvest Bank's stand-alone mobile app Arvest Banker Connect allows customers who download the app to read banker profiles, select one that appeals to them and message back and forth with their chosen banker, who sees a running history of the communications.

Increase in "Matchmakers"

Bank and Fintech partnerships will increase due to a rise of "matchmakers". In recent years, venture capital funds and financial institutions have entered into limited partnerships.

Source: American Banker, "Bank tech trends to watch in 2022" 1/4/2022

COMMUNITY BANKS IMPLEMENTING FINTECHS

NUMERATED AND EASTERN BANK'S DIGITAL LENDING PARTNERSHIP

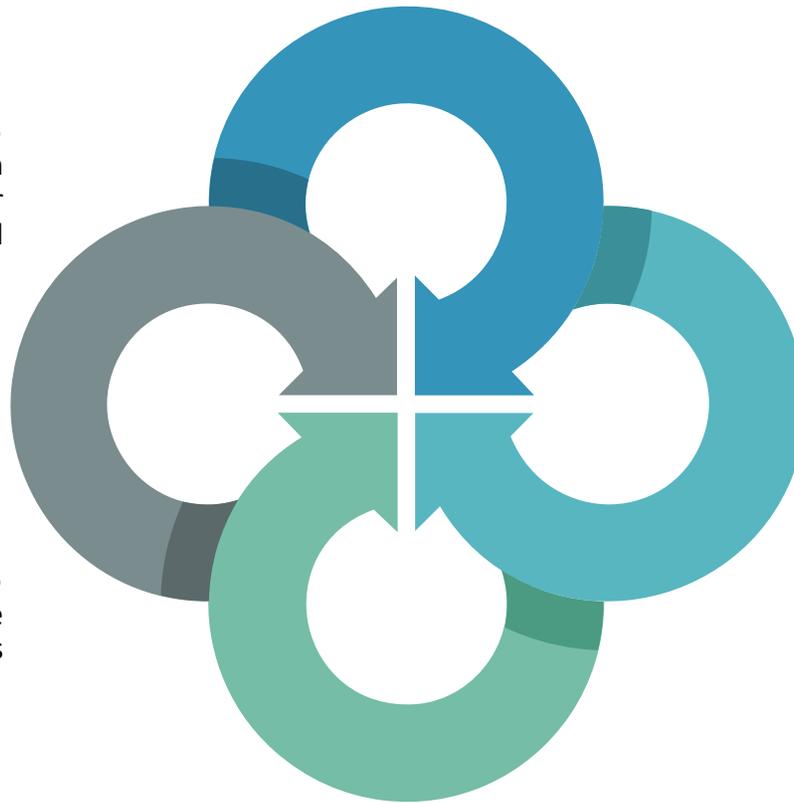
Eastern Bank's collaboration with Numerated shows how a Fintech can grow business lines. How far can Eastern rise as they simplify their lending operations and are already the #1 business lender in Boston and the #8 SBA lender in the U.S.?

Easier Application Process

The number of application questions went from 55 to 5 after Eastern implemented Numerated

Faster Closings

Loans could be closed in as little as 5 minutes compared to 20 days



Growth

Eastern's small business portfolio grew 4 times its original amount and 3 times in loan volume. Utilizing Numerated also allowed Eastern to have a \$2K cost savings per loan

Convenience

Increases customer experience by simplifying loan process. Numerated provided 24/7 on-demand access vs. inconvenient branch visits for customers

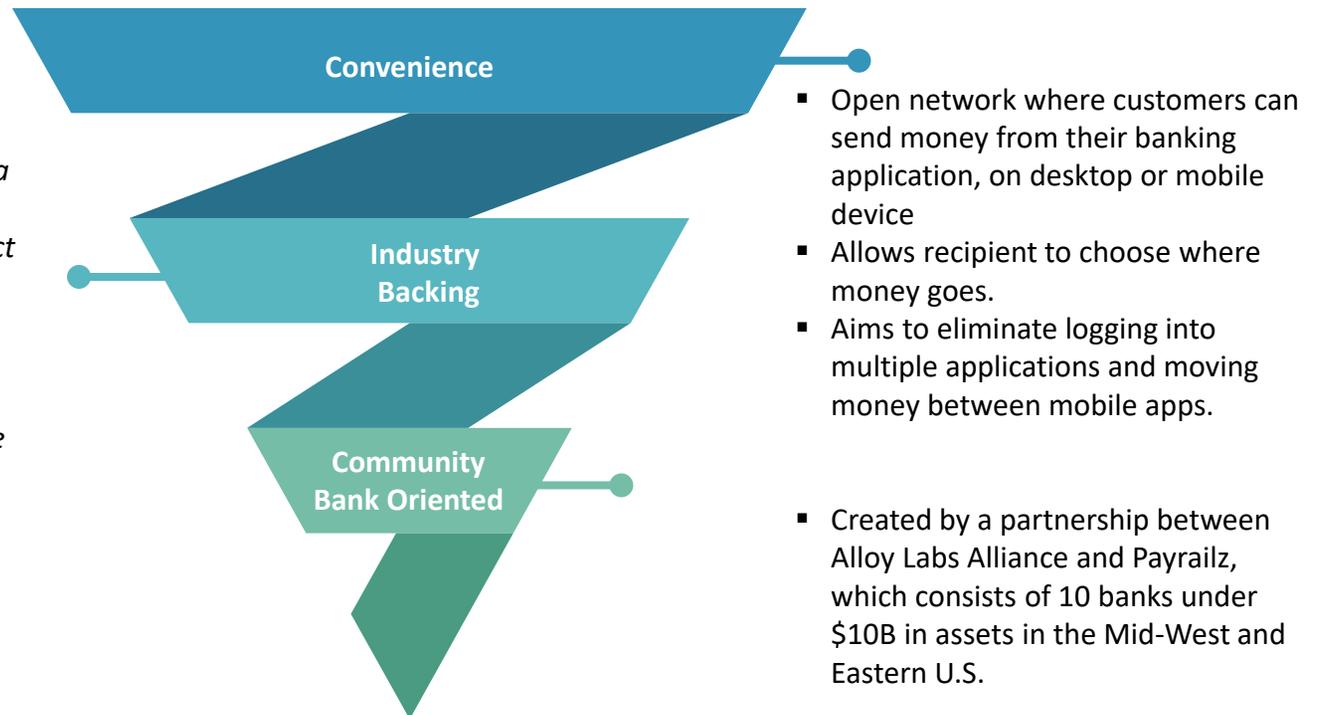
Source: Numerated

REAL TIME PAYMENTS DEVELOPMENT

DEVELOPMENT OF CHUCK

CHUCK is an open payment network suited for community banks. CHUCK helps community banks stay relevant in technology as banking continues to shift towards digital channels.

Julie Thurlow, CEO of Reading Co-Op, was quoted as saying *"This is a network for community banks, by community banks. The first product we are launching is an innovative approach to peer-to-peer (P2P) payments. We have an extensive roadmap of applications that will provide community banks with the fast, flexible infrastructure they need to remain competitive over the long term."*



Source: Alloy Labs, "Announcing 'CHUCK', the Open Payments Network" 12/21/2021

OVERDRAFT PROTECTION

“JUNK FEES?!”

Overdraft fees have generally been accepted as a core part of how banks prevent declined or returned payments. Many customers take advantage and are willing to pay for the service. However, Senate Committee on Banking (per Senator Raphael Warnock) likens the fee to big pharma exploiting drug costs. A vital component is perception and transparency: according to a recent ABA survey, 83% of customers believe their bank is transparent about fee disclosures.



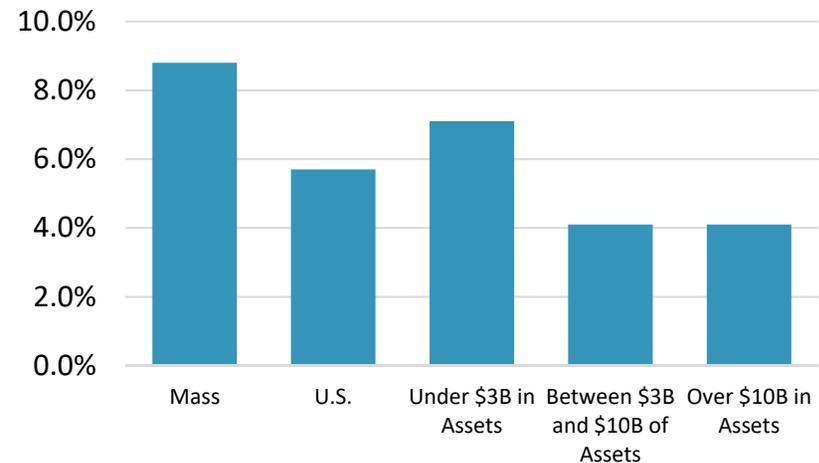
3 in 4 were glad their bank covered their overdraft payment, rather than returning or declining payment



61% think it's reasonable for banks to charge a fee for an overdraft

3 in 4 view overdraft fees as reasonable when large payments like mortgages or rent payments are covered

Overdraft fees/Noninterest Income*



*Noninterest income excludes income from gain on sale of loans

Data only available for call report filers with over \$1B in assets who report on schedule RI “Memo: Service Chrgs on Dep U.S. Office: Overdraft” and is for the year ended December 31, 2021

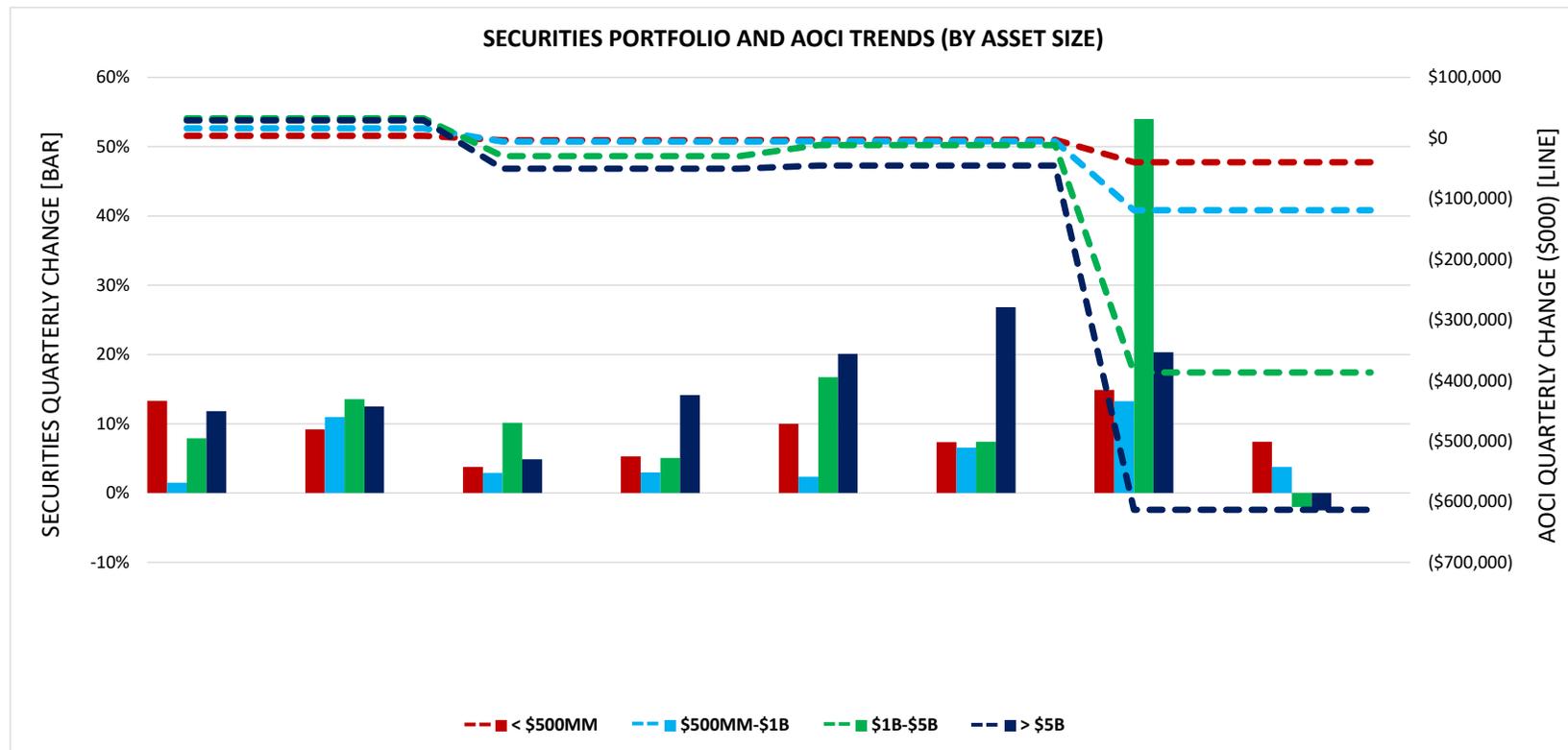
Note: 22 of the 39 Banks in Massachusetts where data are available were less than \$3B in assets

Source: ABA, “2022 Consumer Opinions on Overdraft and Cannabis Banking”

CHANGES IN SECURITIES PORTFOLIO

TRENDS IN HTM VS AFS AND CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (“AOCI”)

As a result of the interest rate environment, the below chart shows the percent change in held-to-maturity (“HTM”) and available-for-sale (“AFS”) securities composition and the dollar change of AOCI of Massachusetts headquartered institutions.



Source: The Kafafian Group, Inc. analysis of S&P Capital IQ Pro data. Chart excludes Santander Bank and State Street

MUTUALS VS. CREDIT UNIONS

RECENT TRANSACTIONS OF STOCK BASED INSTITUTIONS

Mutual institutions are actively acquiring stock banks, but credit unions offer competition for the same institutions and have been able to afford higher premiums due a variety of reasons including the differing (more favorable) treatment of regulatory capital.

	Date Announced	Date Completed	Buyer	Target	Buyer Financials at Announce				Target Financials at Announce				Deal Metrics Price/ Tang. Bk (%)
					Buyer State	Total Assets (\$000)	ROAA (%)	ROAE (%)	Target State	Total Assets (\$000)	ROAA (%)	ROAE (%)	
1	03/28/22		Hometown Financial Group MHC	Randolph Bancorp, Inc.	MA	3,644,623	0.76	7.16	MA	803,278	1.29	9.31	146.98
2	01/28/22		Rosedale Federal Savings and Loan Assoc	CBM Bancorp, Inc.	MD	1,058,278	0.55	2.29	MD	250,578	0.34	1.60	129.20
3	01/06/22		Gouverneur Bancorp, Inc.	Citizens Bank of Cape Vincent	NY	132,760	0.79	3.79	NY	87,204	0.33	3.66	116.23
4	07/16/21	11/18/21	Spencer Savings Bank, Savings and Loan Assoc	Mariner's Bank	NJ	3,453,337	0.45	4.14	NJ	422,048	1.07	11.11	123.74
5	09/25/20	05/28/21	Dollar Mutual Bancorp	Standard AVB Financial Corp.	PA	9,845,891	0.70	6.05	PA	1,061,381	0.68	4.79	139.92
6	06/18/20	10/31/20	BV Financial, Inc. (MHC)	Delmarva Bancshares, Inc.	MD	398,392	0.93	4.36	MD	378,333	0.83	6.43	111.84
7	01/14/20	07/31/20	Beacon Bancorp	Freedom National Bank	MA	2,279,692	1.26	9.61	RI	123,029	0.30	3.03	162.15
8	12/18/19	06/01/20	Cambridge Financial Group, Inc.	Melrose Bancorp, Inc.	MA	4,127,729	1.01	9.94	MA	340,813	0.38	2.93	141.82
9	12/17/19	12/01/20	Bangor Bancorp, MHC	Damariscotta Bankshares Inc.	ME	4,551,127	0.75	8.03	ME	193,257	0.65	6.81	187.53
10	10/22/19	05/01/20	Centreville Bank	PB Bancorp, Inc.	RI	1,257,269	1.66	7.04	CT	538,030	0.82	5.09	147.80
11	09/05/19	02/28/20	BV Financial, Inc. (MHC)	MB Bancorp, Inc.	MD	299,571	NA	NA	MD	147,096	1.38	6.31	94.96
12	08/20/19	01/10/20	Community First Bancshares, Inc. (MHC)	ABB Financial Group, Inc.	GA	305,088	0.28	1.10	GA	307,542	0.96	9.20	158.06
13	06/07/19	11/01/19	Columbia Financial, Inc. (MHC)	Stewardship Financial Corporation	NJ	6,816,964	0.40	2.82	NJ	961,130	0.83	10.08	166.78
14	03/21/19	10/11/19	Liberty Bank	SBT Bancorp, Inc.	CT	5,093,375	1.50	9.78	CT	478,676	0.81	12.42	203.22
15	Criteria:				High	9,845,891	1.66	9.94		1,061,381	1.38	12.42	203.22
16	- Transactions announced after January 1, 2019				Low	132,760	0.28	1.10		87,204	0.30	1.60	94.96
17	- Buyer ownership structure in MHC, MHC Non-stock, or Mutual/Co-op				Average	3,090,293	0.86	5.75		406,855	0.72	6.42	144.87
18	- Seller ownership structure in Stock Corporations				Median	2,866,515	0.77	5.21		340,813	0.81	6.31	141.82
19	Criteria:				High	10,749,464	2.04	17.86		1,645,198	2.45	19.21	197.52
20	- Transactions announced after January 1, 2019				Low	605,840	0.54	3.29		38,989	(0.55)	(4.64)	121.80
21	- Buyer ownership structure as a Credit Union				Average	3,275,354	1.07	9.15		307,466	0.71	6.86	159.70
22	- Seller ownership structure in Stock Corporations				Median	2,011,542	1.11	7.96		182,680	0.47	4.62	156.50

Source: S&P Capital IQ Pro data as of 4/30/2022



THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

FIRST QUARTER OF 2022 RESULTS (AGGREGATE)

109 MA Institutions*

5,020 Total U.S. Institutions**

1.10% of the U.S. Banking Industry's Total Assets

1.65% of the U.S. Banking Industry's Total Loans

Net Interest Margin

MA: 2.67% down from 2.69% in Q4

U.S.: 2.51% down from 2.54% in Q4

Returns

MA: ROAA of 0.72% down from 0.73% in Q4, ROAE of 6.05% down from 6.18% in Q4

U.S.: ROAA of 1.01% down from 1.08% in Q4, ROAE of 10.37% down from 10.85% in Q4

Capital Levels

MA: Leverage Ratio of 11.00% down from 11.15% in Q4

U.S.: Leverage Ratio of 8.72% down from 8.78% in Q4

Including State Street Bank and Trust Company in MA's aggregate leverage ratio drops it to 8.72%

Credit Quality

MA: Net charge-offs to average loans of 0.05% down from 0.08% in Q4.

U.S.: Net charge-offs to average loans of 0.23% up from 0.22% in Q4

Number of Unprofitable Institutions

MA: 10.09%

U.S.: 5.30%

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

**All FDIC call report filers

Source: The Kafafian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2022 and includes both commercial and mutual bank data.

THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

RECENT PERFORMANCE: SELECT PROFITABILITY RATIOS

*Return On Avg. Assets

MA Median: 0.59%
U.S. Median: 0.83%

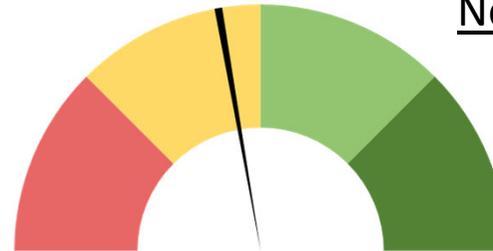


MA's **Median** ROAA ranks among the **29th** percentile Nationwide

**ROAA utilizes S&P Capital IQ Pro's adjustment for institutions that operate as Sub Chapter S Corporations.*

Net Interest Margin

MA Median: 2.91%
U.S. Median: 2.99%



MA's **Median** Net Interest Margin ranks among the **44th** percentile Nationwide

Efficiency Ratio

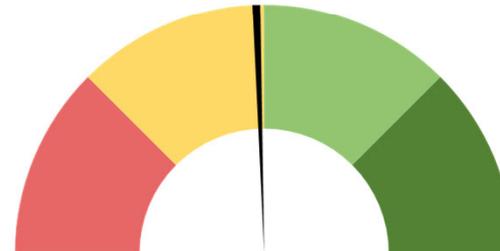
MA Median: 72.59%
U.S. Median: 67.99%



MA's **Median** Efficiency Ratio ranks among the **38th** percentile Nationwide

Cost of Funds

MA Median: 0.25%
U.S. Median: 0.24%



MA's **Median** Cost of Funds ranks among the **49th** percentile Nationwide

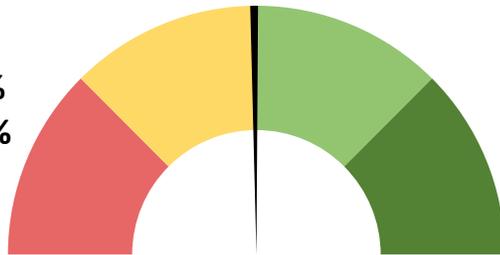
Source: The Kafafian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2022 and includes both commercial and mutual bank data.

THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

RECENT PERFORMANCE: SELECT BALANCE SHEET RATIOS

NPA/Assets

MA Median: 0.28%
U.S. Median: 0.27%



MA's **Median** NPA/Assets ranks among the **49th** percentile Nationwide

Tier 1 Leverage

MA Median: 10.62%
U.S. Median: 9.92%



MA's **Median** Tangible Equity/Tangible Assets ranks among the **63rd** percentile Nationwide

CRE/Loans*

MA Median: 30.13%
U.S. Median: 23.29%

**non-owner occupied*



MA's **Median** Total CRE/Loans ratio ranks among the **63rd** percentile Nationwide

Loans/Deposits

MA Median: 80.52%
U.S. Median: 66.13%



MA's **Median** Loan/Deposit ratio ranks among the **76th** percentile Nationwide

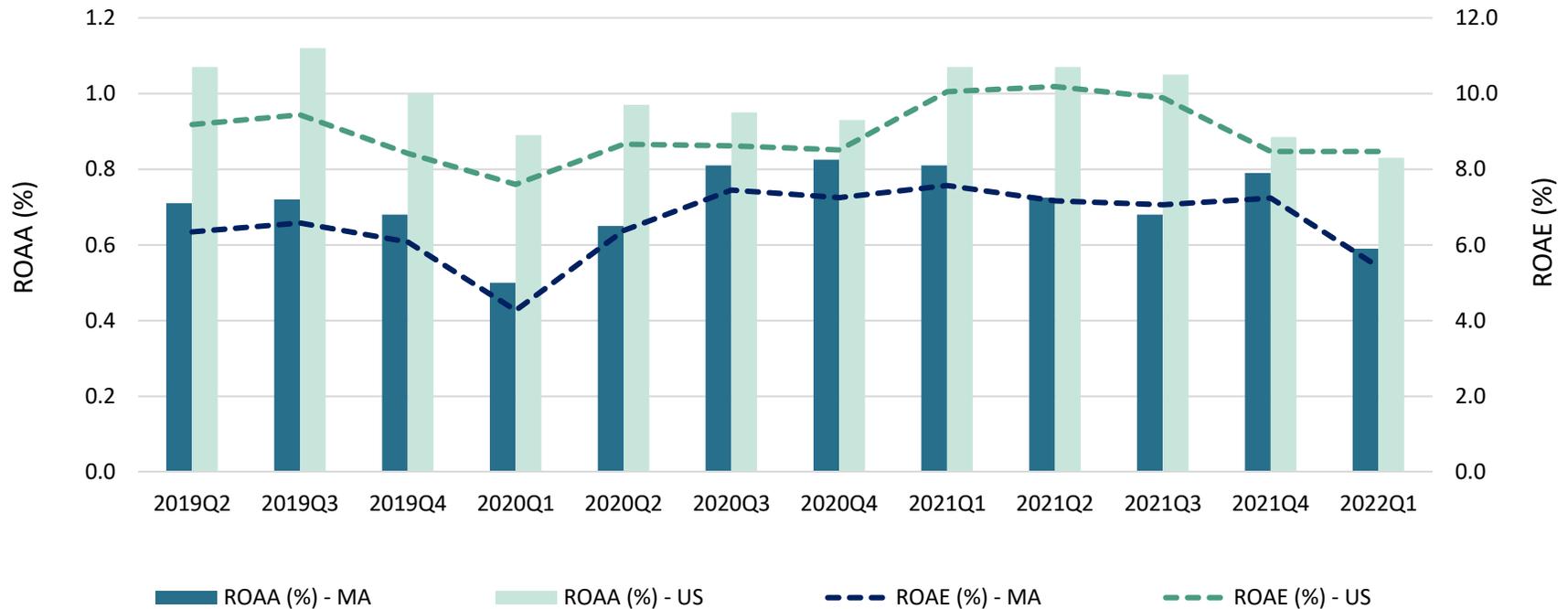
Source: The Kafafian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2022 and includes both commercial and mutual bank data.

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS

ROAA and ROAE both decreased for Massachusetts banks and for U.S. banks quarter over quarter

Profitability Highlights (Median %)

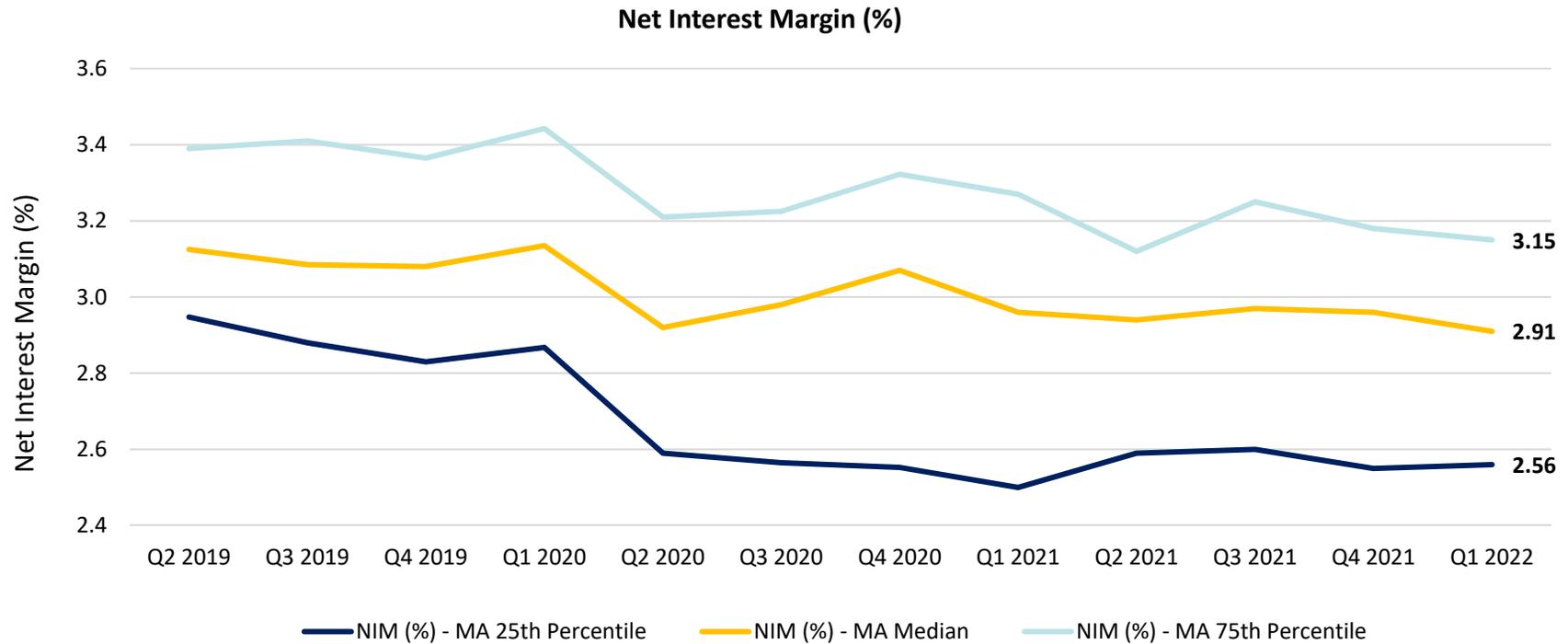


Source: The Kafafian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2022, adjusted for election of Sub Chapter S and includes both commercial and mutual bank data.

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS (CONTINUED)

The net interest margin for Massachusetts banks decreased and U.S. banks increased on an aggregate level in Q1 2022 compared to Q4 2021. Median and top 25th percentile levels of NIM for Massachusetts banks fell, while the bottom tier edged up, reducing the spread between top and bottom NIM performers.



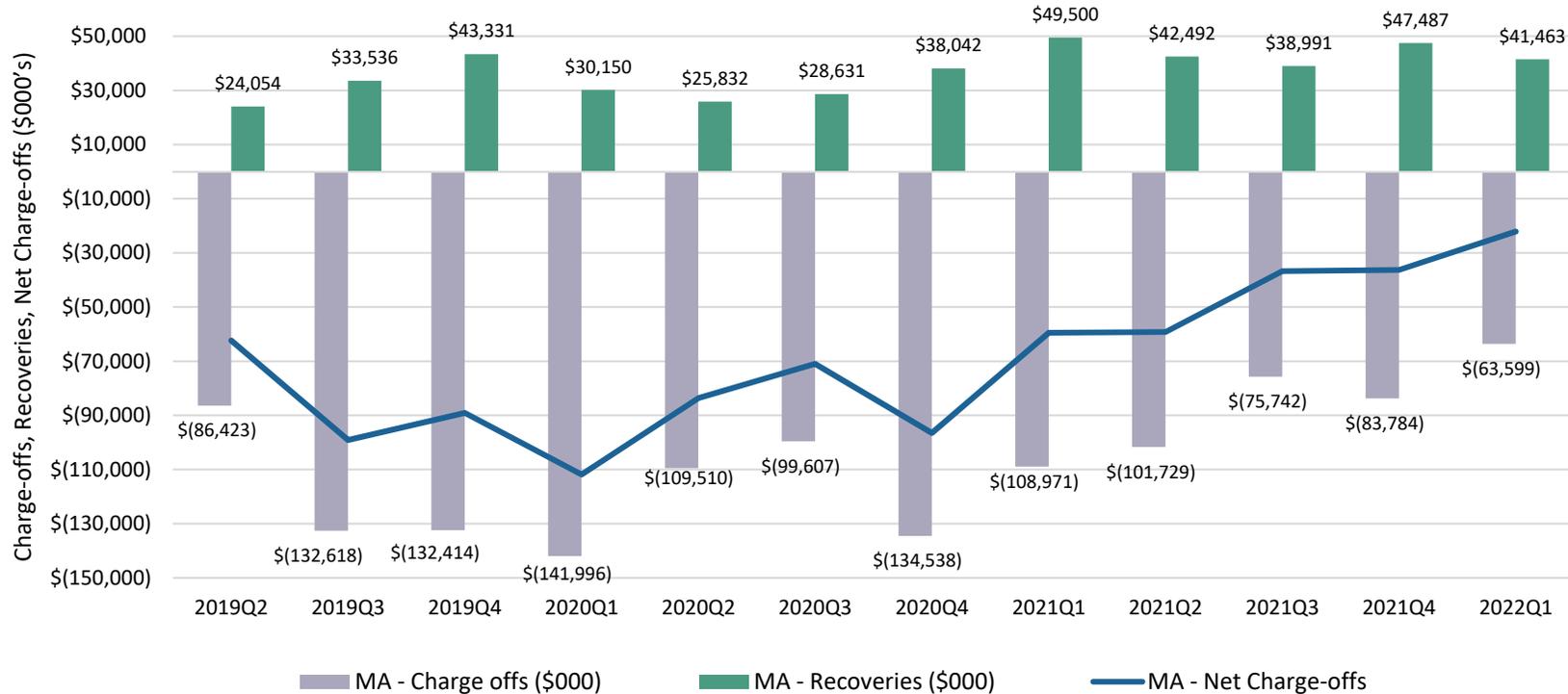
Source: The Kafafian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2022 and includes both commercial and mutual bank data.

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS (CONTINUED)

Net-charge offs in Q1 2022 continue to improve for Massachusetts banks out performing banks nationwide which saw an increase in net-charge offs to total loans.

Massachusetts Aggregate Charge-offs and Recoveries



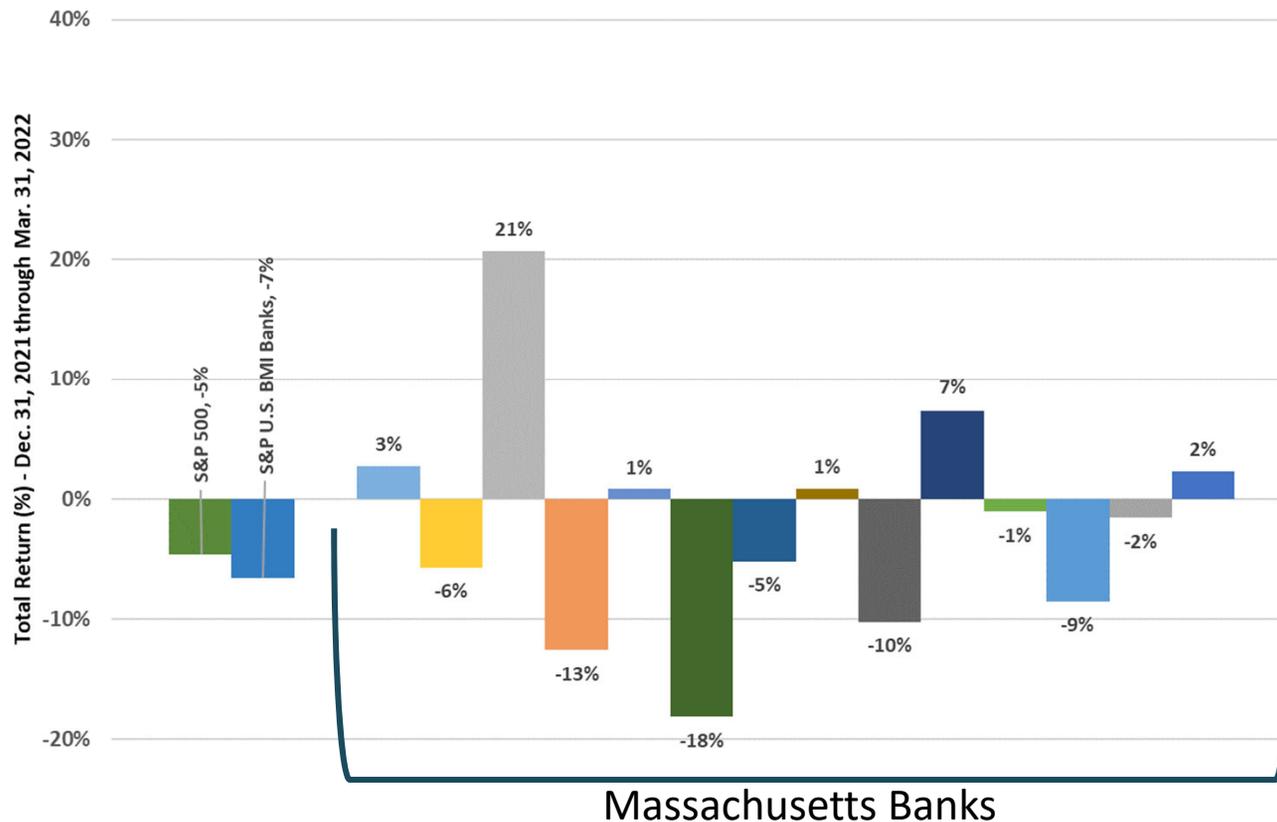
Source: The Kafafian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2022 and includes both commercial and mutual bank data.



TOTAL RETURN

TOTAL RETURN: DECEMBER 31, 2021 THROUGH MARCH 31, 2022

Publicly traded Massachusetts headquartered banks were above the S&P U.S. BMI Banks Index and below the S&P 500 for the first quarter of 2022. The median total return for Massachusetts banks was -1%, while the S&P U.S. BMI Banks Index was -7% and the S&P 500 was -5%.



Source: The Kafafian Group, Inc. and S&P Capital IQ Pro data as of 3/31/2022

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

[How Baseball Can Help Bankers Improve Performance](#)

[Benefits of Revenue Diversification in Banking](#)

[Major Issues Impacting Bank Stocks and Valuations](#)

[The Economy and Interest Rates – Where Are They Going?](#)



TKG Quarterly Perspectives

[How Will Higher Interest Rates Impact Loan & Deposit Product Profitability?](#)

[The Talent and Customer Portal in the New Year](#)

[Rest in Peace Purple Pen](#)

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

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