

STATE OF THE INDUSTRY: MASSACHUSETTS Q1 2024

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

Market conditions remain stable, however, the consumer price index increased slightly in Q1 2024. The Fed is continuing to combat persistent inflation and may begin reducing interest rates later in 2024. The price of housing appears to be slightly increasing, and the 30-year fixed rate mortgage average increased 18 bps in Q1 2024.

2

Credit conditions seemed to improve significantly in Q1 2024 despite interest rates remaining elevated. Net interest margins (NIM) continue to be compressed, as the median NIM for all U.S. banks decreased 8bps from Q4 2023 to Q1 2024.

3

With technology continuing to advance rapidly and AI becoming more prevalent in the industry, banks must prioritize technology investment and cyber security. An article from the American Bankers Association shows results of banks planning on significantly increasing their tech funding in the future, some potentially by 20%.

4

Bank economists suggest that the risk of recession is continuing to decline, it appears the “soft landing” is becoming more imminent. With inflation continuing to moderate and employment levels remaining strong, the Fed could plan to begin lowering interest rates in 2024.

5

Hybrid working models continue to increase vacancy rates in office spaces, driving the price of rent downward by 4bps in Q1 2024. Increasing office vacancy will continue to impact the commercial real estate market.

Source: The Kafafian Group, Inc.

ECONOMIC SNAPSHOT

EMPLOYMENT & HOUSING

EMPLOYMENT	Measure	Mar-24	Feb-24	Jan-24	Change from	Change from
					Prior Month	Prior Year (%)
					(%) or actual	or actual
					change	change
1 Unemployment Rate (National Seasonally Adj)	%	3.8	3.9	3.7	-0.1	0.30
2 Unemployment Rate in Massachusetts (Not Seasonally Adj)	%	3.5	3.7	3.5	-0.2	(0.2)
3 All Employees, Total Nonfarm	000's	158,111	157,796	157,560	0.20%	2,905
4 Labor Force Participation Rate	%	62.7	62.5	62.5	0.00	0.1
		3/30/2024	2/24/2024	1/27/2024		
5 Initial Claims (Weekly)		222,000	213,000	225,000	4.23%	(10,000)

HOUSING	Measure	Mar-24	Feb-24	Jan-24	Change from	Change from
					Prior Month	Prior Year (%)
					(%) or actual	or actual
					change	change
6 S&P/Case-Shiller U.S. National Home Price Index		NA	312.2	310.4	0.59%	0.05
7 S&P/Case-Shiller MA-Boston Home Price Index		NA	327.8	325.4	0.75%	0.08
8 Housing Affordability Index		101.1	103.2	105.7	-2.03%	(0.02)
9 New Privately-Owned Housing Units Started: Single-Family Units	000's	1,035	1,134	1,011	-8.73%	0.26
10 New Privately-Owned Housing Units Started: Single-Family Units in the Northeast Census Region	000's	66.0	82.0	69.0	-19.51%	0.03
11 30-Year Fixed Rate Mortgage Average in the United States	%	6.82	6.78	6.64	0.59%	0.04
		4Q2023	3Q2023	2Q2023		
12 Delinquency Rate on Single-Family Residential Mortgages	%	1.69	1.72	1.73	-0.58%	(0.01)

Source: The Kafarian Group, Inc. analysis of data provided by the Federal Reserve Bank of St. Louis, data where available as of 3/31/2024

ECONOMIC SNAPSHOT

MARKET/RATES, CONSUMER, & PRODUCTION/PRICES

MARKET/RATES		Measure	Mar-24	Feb-24	Jan-24	Change from Prior Month (%) or actual change	Change from Prior Year (%) or actual change
(End of Period)							
1	S&P 500		5,254.3	5,096.3	4,845.7	3.10%	0.28
2	Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis	%	4.21	4.21	4.06	0%	0.55
3	Bank Prime Loan Rate	%	8.50	8.50	8.50	-	0.67
4	Federal Funds Effective Rate	%	5.33	5.33	5.33	-	0.68

CONSUMER		Measure	Mar-24	Feb-24	Jan-24	Change from Prior Month (%) or actual change	Change from Prior Year (%) or actual change
5	Personal Consumption Expenditures: Chain-type Price Index		122.8	122.4	122.0	0.32%	2.38%
6	Retail Sales: Excluding Motor Vehicle and Parts	\$mil	539,420	540,497	540,186	-0.20%	-2.18%
7	University of Michigan: Consumer Sentiment		79.40	76.90	79.00	3.25%	0.24
8	Personal Saving Rate	%	3.2	3.60	4.10	-11.11%	(0.31)

PRODUCTION/PRICES		Measure	Mar-24	Feb-24	Jan-24	Change from Prior Month (%) or actual change	Change from Prior Year (%) or actual change
9	Consumer Price Index		312.23	311.05	309.69	0.38%	3.48%
10	ISM Manufacturing: PMI		50.30	47.80	49.10	0.05	4.00
11	ISM Services: PMI		51.40	52.60	53.40	(0.02)	0.20
			4Q2023	3Q2023	2Q2023		
12	Gross Domestic Product (Change from Prior, annualized rate)	%	3.40	4.90	2.10	(0.31)	1.23

Source: The Kafafian Group, Inc. analysis of data provided by the Federal Reserve Bank of St. Louis, data where available as of 3/31/2024

STATE ECONOMIC TRENDS

NEW ENGLAND REGIONAL ECONOMIC TRENDS

The below highlights unemployment rate and salary trends in New England from October 2023 through March 2024. Massachusetts had the second highest 12 month percentage change in Finance Activities and Nonfarm Wage and Salary Employment in the New England region.

Unemployment Rate %						
State	Oct2023	Nov2023	Dec2023	Jan2024	Feb2024	Mar2024
1 Massachusetts	2.80	2.90	3.20	3.50	3.70	3.50
2 Connecticut	3.50	3.60	3.80	5.00	5.40	4.20
3 Rhode Island	2.70	2.90	3.20	4.60	5.40	4.20
4 New Hampshire	2.10	2.30	2.50	2.60	2.90	2.80
5 Vermont	2.00	2.10	2.20	2.70	2.60	2.10
Nonfarm Wage and Salary Employment 12 Month % Change						
State	Oct2023	Nov2023	Dec2023	Jan2024	Feb2024	Mar2024
6 Massachusetts	2.10	1.90	1.90	0.50	0.60	0.60
7 Connecticut	1.70	1.40	1.40	0.60	1.00	1.10
8 Rhode Island	(0.50)	(0.10)	0.40	2.20	1.80	1.70
9 New Hampshire	1.80	1.30	1.70	1.20	1.30	1.40
10 Vermont	1.00	1.30	0.50	0.90	1.10	1.00
Finance Activities Wage and Salary Employment 12 Month % Change						
State	Oct2023	Nov2023	Dec2023	Jan2024	Feb2024	Mar2024
11 Massachusetts	0.90	1.60	0.50	0.30	0.60	0.40
12 Connecticut	(3.20)	(2.80)	(2.60)	(0.30)	0.10	0.30
13 Rhode Island	(0.60)	(0.80)	(0.30)	(0.30)	(0.60)	(1.10)
14 New Hampshire	(0.60)	(0.60)	0.30	(1.20)	(1.20)	(0.90)
15 Vermont	(0.80)	0.80	-	1.70	1.70	0.80

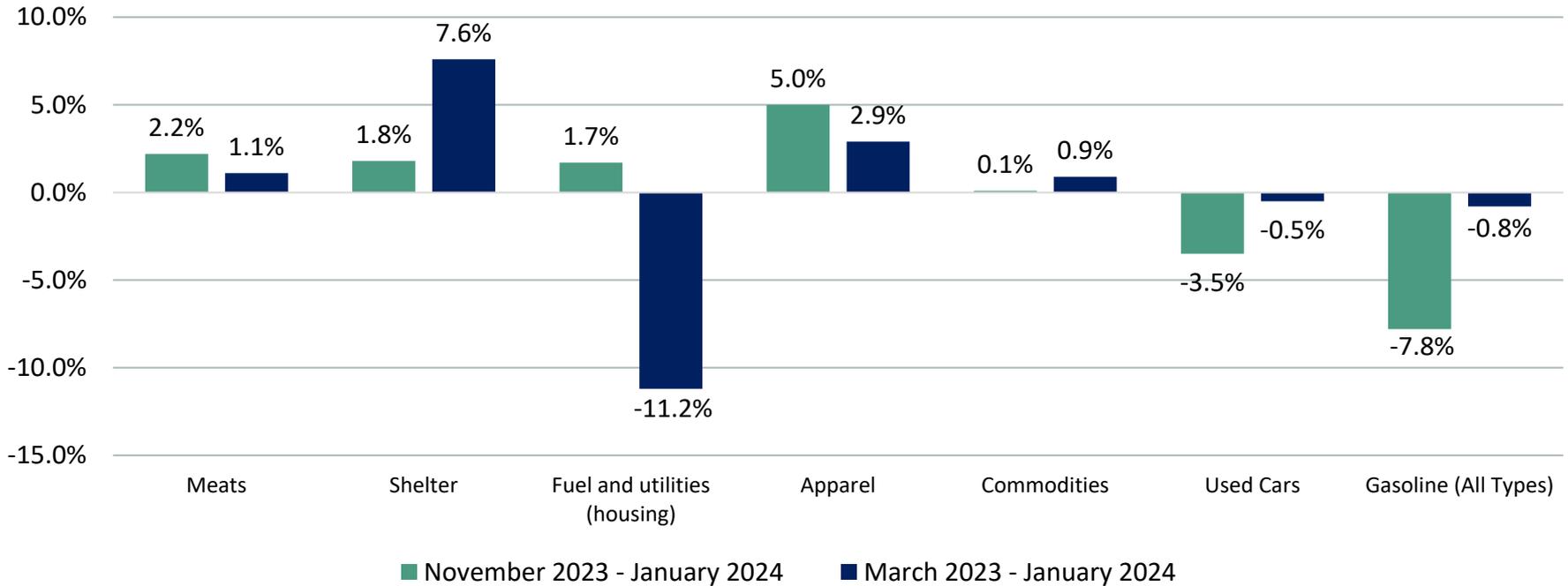
Source: Bureau of Labor Statistics

INFLATION

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

The graphic below shows year-over-year increases on everyday necessities between November 2023 and January 2024 as well as March 2023 and January 2024. Inflation has subsided in most categories. The cost of fuel and utilities in the Boston-Cambridge-Newton Metropolitan area is down 11.2% from March 2023 and the price of gasoline has decreased slightly by 0.8% from March 2023 to January 2024.

Select Consumer Price Index Metrics:
Boston-Cambridge-Newton



Source: Bureau of Labor Statistics, eia.gov

INTEREST RATE ENVIRONMENT

CHICAGO MERCANTILE EXCHANGE INC. (CME GROUP) FEDWATCH TOOL

In May 2023, there was a 0% probability of rates being 525-550bps for the June, 2024 meeting, by mid-July 2023 that probability increased to 1.71%. As of September 20th, 2023, the probability of a target fed funds rate of 525-550bps was 38.71% for the March 20th meeting. As of March 20, 2024, the updated probability of a target fed funds rate of 525-550bps for the June 12th, 2024 meeting was 25.09%. The pace of interest rate increases has been stagnant. The probabilities for the June 2024 meeting indicate the probability of a target fed funds rate of 525-550bps is 91.09%. The probabilities for the December 2024 meeting show 37.45% for rates to be 475-500bps, indicating the Fed plans to begin lowering interest rates in 2024.

MEETING PROBABILITIES(%)								
MEETING DATE	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550
6/12/2024	0.0	0.0	0.0	0.0	0.0	0.0	8.9	91.1
7/31/2024	0.0	0.0	0.0	0.0	0.0	2.0	27.6	70.4
9/18/2024	0.0	0.0	0.0	0.0	1.1	15.8	50.7	32.4
11/7/2024	0.0	0.0	0.0	0.4	6.6	28.9	43.8	20.3
12/18/2024	0.0	0.0	0.2	3.8	18.7	37.0	31.0	9.2
1/29/2025	0.0	0.1	1.8	10.2	26.6	34.4	21.6	5.3
3/19/2025	0.1	1.0	6.5	19.4	31.0	27.3	12.5	2.3
4/30/2025	0.4	3.2	11.5	23.9	29.5	21.5	8.5	1.4

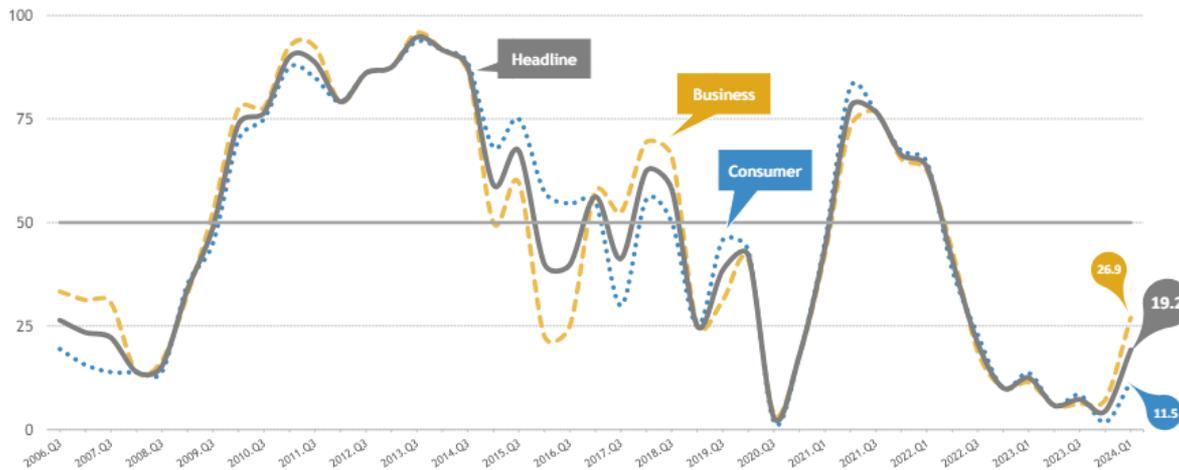
Source: CME Group

CREDIT CONDITIONS

POTENTIAL FOR IMPROVING CREDIT MARKET CONDITIONS IN 2024?

- In the first Quarter of 2024, the headline credit index increased 14.8 points to 19.2, this reflects a major improvement and optimism among economists for future credit quality conditions. The consumer credit index increased 9.8 points from a previous low to 11.5 in Q1. Despite this improvement, only one Economic Advisory Committee (EAC) member expects consumer credit availability and quality to improve over the next six months. The business credit index increased 19.8 points to 26.9 in Q1, indicating that there may be potential for credit quality to improve, though EAC members are still cautious.
- Credit quality improved to its highest level in six quarters. This has led EAC members to express cautious optimism about the outlook of the economy this year. With job growth rising and expected to continue, inflation forecasted to remain above the 2% target, and interest rates possibly falling later this year, the short-term outlook is generally positive. Small business demand for credit has appeared to remain the same, which is an improvement from last year when most banks were expected to tighten standards. The Fed appears to have paused rate hikes, as interest rates remained unchanged after the March meeting. The expectation is for the Fed to begin to lower rates in the latter part of 2024. Despite upward trending credit quality and availability, EAC members remain cautious about the economic outlook over the next six months.

CREDIT CONDITIONS INDEX: HISTORICAL SERIES*



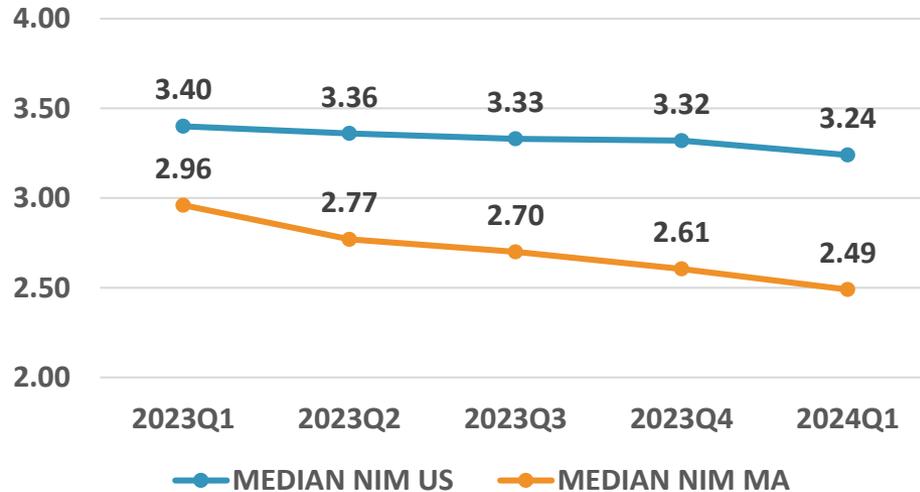
Source: ABA Credit Conditions Index 3/31/2024

NET INTEREST MARGIN ENVIRONMENT

U.S. VS MASSACHUSETTS

Increased borrowing costs due to high rates have resulted in a decreased net interest margin (NIM) for banks across the nation, the graph below illustrates the median NIM by quarter from Q1 2023 to Q1 2024 in both the U.S. and the Commonwealth of Massachusetts. The U.S. NIM compound annual growth rate (CAGR) is -4.71% for the U.S. and -15.88% for the Commonwealth. The quarter over quarter growth rate is -1.18% in the U.S. and -3.97% for Massachusetts. While net interest margins have fallen significantly over the past year, the growth rates have improved YoY and QoQ from Q42023 to Q12024.

QUARTERLY NIM U.S. vs. MA

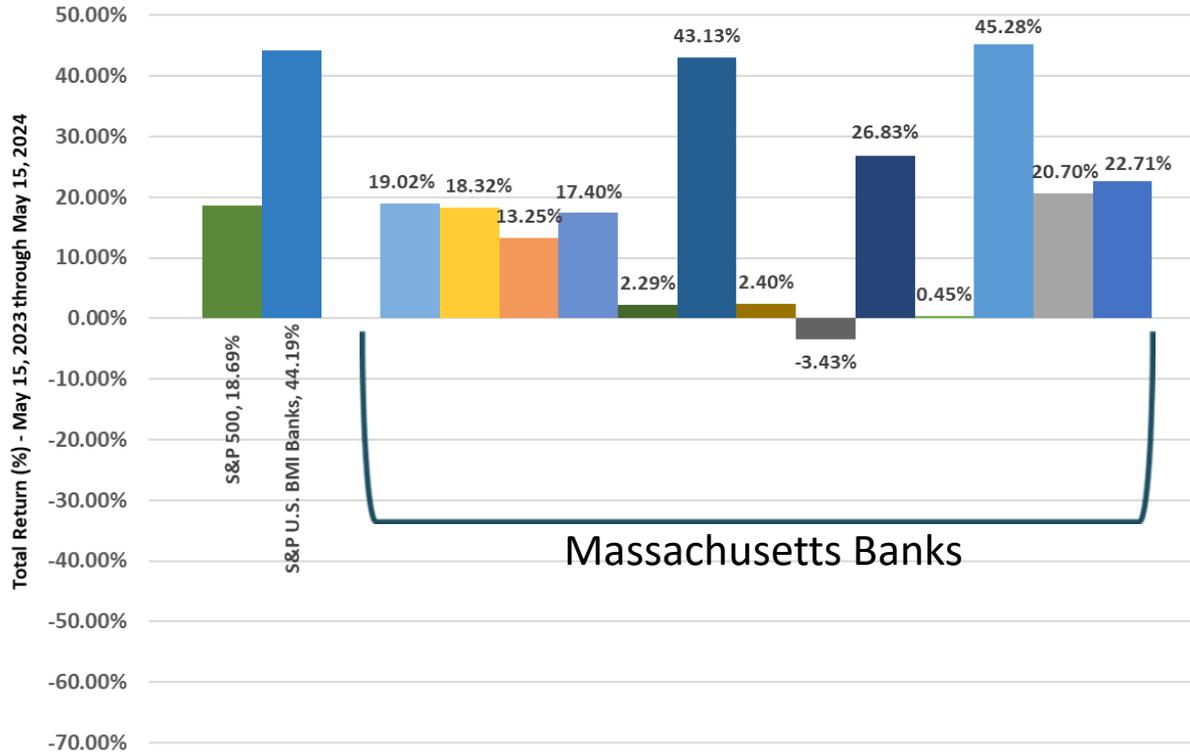


Source: S&P Capital IQ Pro

TOTAL RETURN

TOTAL RETURN: MAY 15, 2023 THROUGH MAY 15, 2024

The median total return for publicly traded Massachusetts headquartered banks was 18.32%, while the S&P U.S. BMI Banks Index was 44.19% and the S&P 500 was 18.69%.

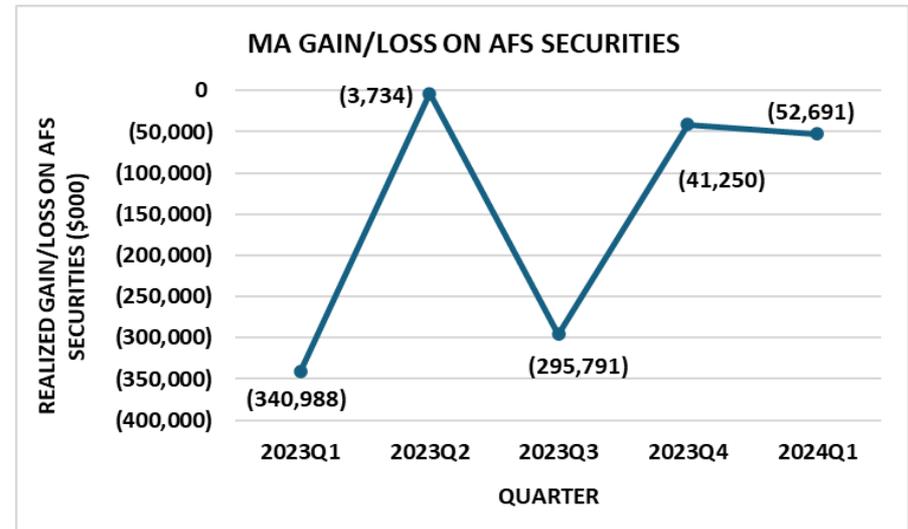
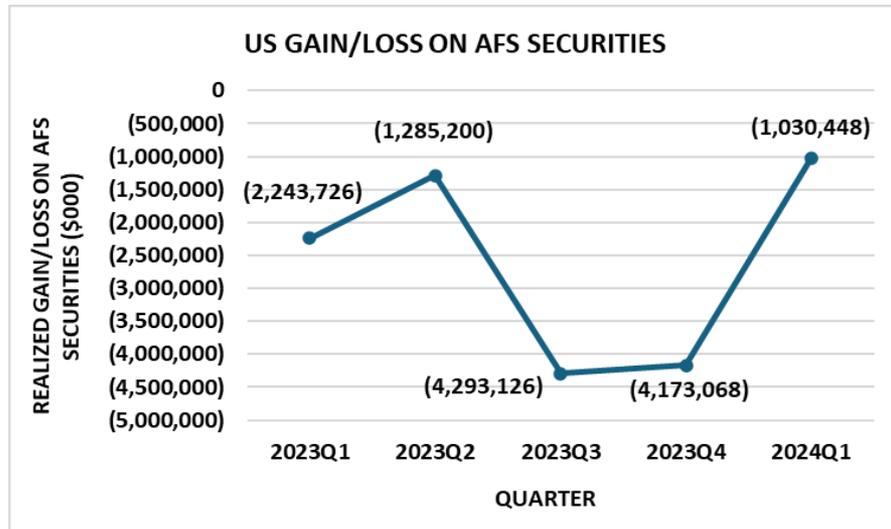


Source: The Kafarian Group, Inc. and S&P Capital IQ Pro data as of 05/15/2024

CREATING LIQUIDITY ON BALANCE SHEETS

IMPACT OF REALIZING GAINS/LOSSES ON THE SALE OF AFS SECURITIES

The charts below show the trend in realized gains/losses on available for sale (AFS) securities for both U.S. and Massachusetts banks from Q1 2023 to Q1 2024. Bond values react inversely to movement of interest rates, the rapid increase of rates from March 2022 to July 2023 has resulted in the decrease of securities portfolios for most banks across the nation. The 3rd quarter of 2023 shows over a 320% increase in realized losses on AFS securities for banks in the U.S. because banks have been selling low yielding bonds to replace them with higher yielding bonds. Banks have taken a temporary hit from the sale, however, banks are restructuring their portfolio with higher yielding securities to build future earnings. Massachusetts has seen two major decreases in realized losses on AFS securities, this is largely due to two individual banks realizing losses on AFS securities at one time. One bank realized over \$333 million in losses in Q1 2023 and another bank realized \$294 million in Q3 2023.



Source: S&P Capital IQ Pro, American Banker

ARTIFICIAL INTELLIGENCE RISK

BANKS NEED TO LEVERAGE BIG DATA TO COMBAT A SURGE IN AI-ENABLED FRAUD

- The financial services sector stands at a critical juncture, grappling with an intensifying wave of sophisticated fraudulent transactions which resulted in \$2 billion in losses in 2022 alone.
- The Treasury Department's Financial Crimes Enforcement Network issued a warning last month, noting check fraud incidents have doubled in the past two years from 350,000 to 680,000. The impact goes well beyond credit cards and checks including popular fintech platforms.
- Given the evolution of this issue across different levels of the finance sector, no single organization can single-handedly address this problem effectively. It is imperative now more than ever for banks, regulatory agencies and technology partners to join forces to combat financial fraud.



Source: American Banker, 3/25/2024

CYBERSECURITY, AI & SENATE ELECTIONS

AMERICAN BANKER PUBLICATION'S FIVE PREDICTIONS FOR THE INDUSTRY IN 2024

1. Community bank stocks could rally in 2024

After the Fed paused its rate campaign last summer and U.S. inflation dropped to nearly a third of its 2022 peak, policymakers began to signal that rate cuts were on the horizon, perhaps as soon as the spring of 2024. In response, the BMI Banks index rallied in the fourth quarter by gaining more than 20% over the final three months of last year.

2. Major players will drive stablecoin innovation

Stablecoins are pegged to a "stable" traditional currency, such as the U.S. dollar, to avoid the volatility of other cryptocurrencies and the card brands are interested to see if people will use stablecoins to buy things. Even though in the past few years, stablecoins have made as many bad headlines as good. Still, massive growth could be on the horizon, as mainstream payment companies such as PayPal are increasing their exposure to stablecoin.

3. Rules and regulations for crypto?

Absent legislation, enforcement by market regulators the SEC and CFTC will continue to focus on regulating major crypto players. Where judges side in the ongoing crypto legal battle between the SEC and Ripple, along with ongoing cases against Coinbase, Binance, and more recently Kraken. This may provide the industry some certainty as to the legality of tokens and whether they qualify as securities or commodities.

4. Key 2024 elections will capture bankers' attention

The presidential contest is the most consequential race this year. The outcome could mean a new crop of regulators affecting financial policy across the board. Also, a number of important senators from the Banking Committee or those with significant financial policy experience are going to be on this year's ballot.

5. Banks will double down on tech investments in 2024

Arizent, the parent company of American Banker, conducted a recent survey of 314 representatives from banks, fintechs, credit unions, and payment companies. About one-third of respondents are planning to increase their annual tech spending by 1% to 9%, another third expect a 10% to 19% increase and about 9% of respondents plan to raise their tech budgets by more than 20% from last year.

Source: American Banker, 2/14/2024

BANK ECONOMISTS SEE RECESSION RISK DECLINING

ABA BANKING JOURNAL PUBLICATION'S VIEWPOINT

The U.S. economy is progressing along a soft-landing path, according to the latest forecast of the American Bankers Association's Economic Advisory Committee. Recession risks have diminished, inflation continues to moderate and employment gains remain robust. A gentle easing cycle by the Federal Reserve will start around mid-year, facilitating trend-like GDP growth, according to the group.

- The committee, which includes the chief economists from North America's largest banks, forecasts real economic growth remaining healthy at around 1.7% for 2024 and 1.8% for 2025.
- Recession odds have diminished somewhat over the last six months, although policy and geopolitical risks keep them close to 30% both this year and next.
- Following considerable progress over the past 18 months, the group expects inflation to continue gradually easing toward the Fed's 2.0% target by the latter part of 2025.
- The committee's consensus view is that the Fed will begin cutting the target federal funds rate range in mid-2024, instituting three 25-basis-point cuts before the end of the year.



Source: ABA Banking Journal, 3/28/2024

OPTIMIZE CORE DEPOSIT GROWTH

THE INTEGRATION OF SALES AND MARKETING APPROACH

- **Program planning and management**: Joint planning frameworks and templates that set out program components, timing and responsibilities clearly and succinctly.
- **Opportunity identification and targeting**: Actionable and shared data sources to identify type and location of opportunities, establish targeting factors, and develop sales support tools.
- **Performance metrics, goals and objectives**: Market-aligned goals to establish performance objectives by location and inform marketing messaging and budget allocation.
- **Promotional offers and incentives**: Offers designed around each type of identified opportunity and tools provided to the sales force to communicate the right offers to the right prospects at the right time.
- **Communication and recognition**: High energy and frequent internal communications programs to highlight marketing initiatives, recognize superior performance and sustain engagement.
- **Performance measurement and reporting**: Shared scorecards and “real time” performance reporting against established key.
- **Program review**: Joint interim and post program reviews to identify objectively what worked, what did not and what revisions are necessary to improve the performance of subsequent campaigns.

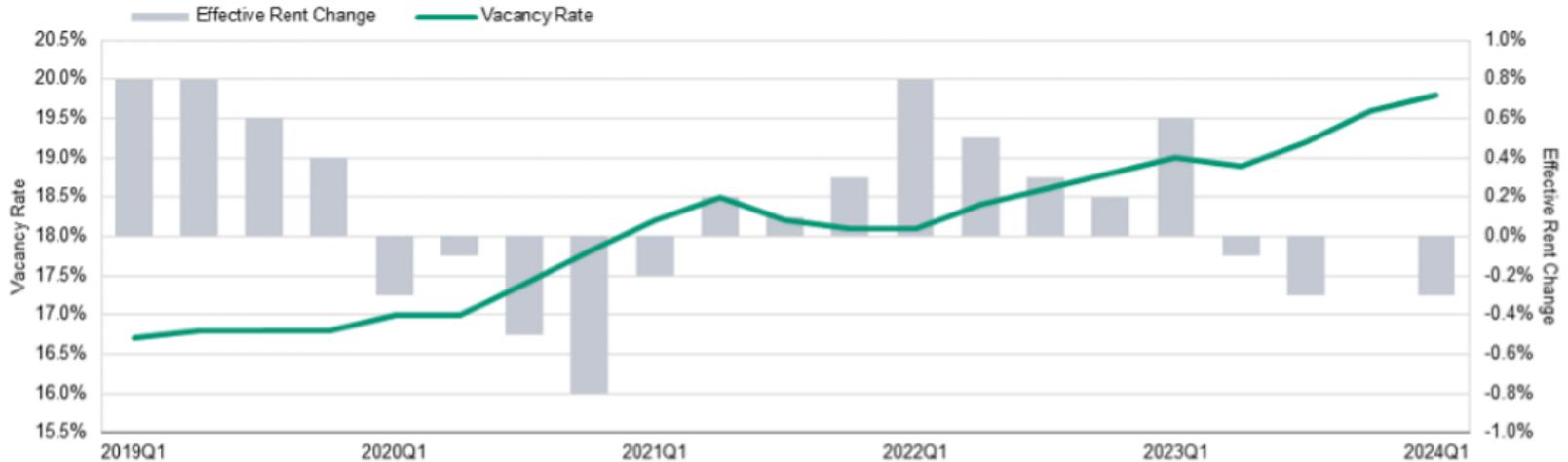
Source: ABA Banking Journal, 3/20/2024

U.S. OFFICE RENT AND VACANCY TREND

SPACE MARKET STRESS CONTINUES TO LEVEL UP

The office sector slashed its vacancy record set just a quarter ago and marched another 20 bps closer to the 20% mark. Sitting at 19.8% in Q1 2024, this new record high vacancy rate is 50 bps above the recessionary peaks recorded in 1986 and 1991. Another quarter of vacancy increase emphasizes the long-term ramifications of hybrid work models, despite positive employment and GDP trends in the current economic cycle. Effective rents fell by 0.04% in Q1 as tenants took advantage of concessions despite asking rents edging up 0.14%. Important questions remain concerning 2024's outlook.

Office Rent and Vacancy Trend

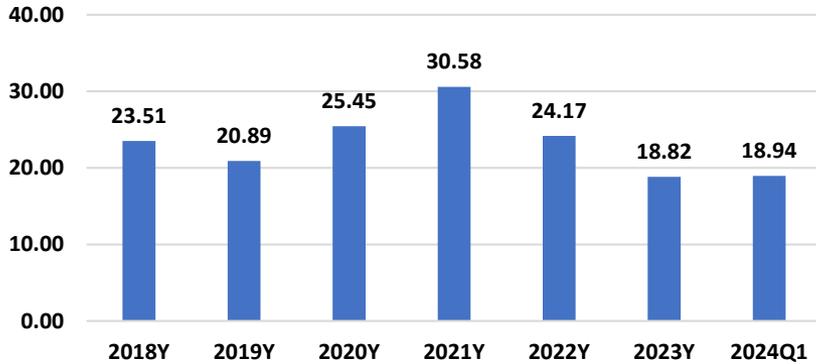


Source: Moody's CRE: Q1 2024 Preliminary Trend Announcement

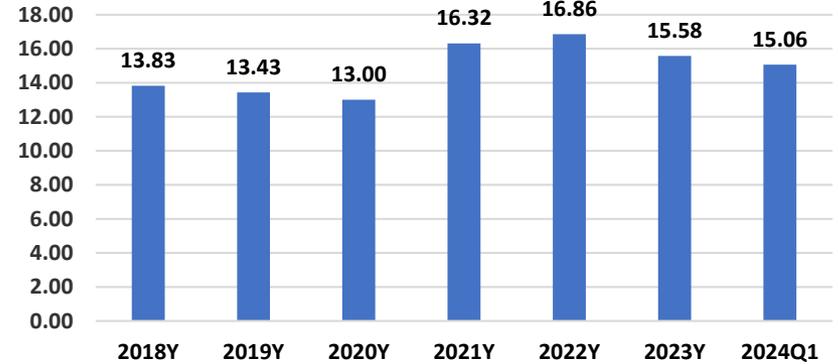
LIQUIDITY BY THE NUMBERS

RECENT TRENDS - MASSACHUSETTS BANKS

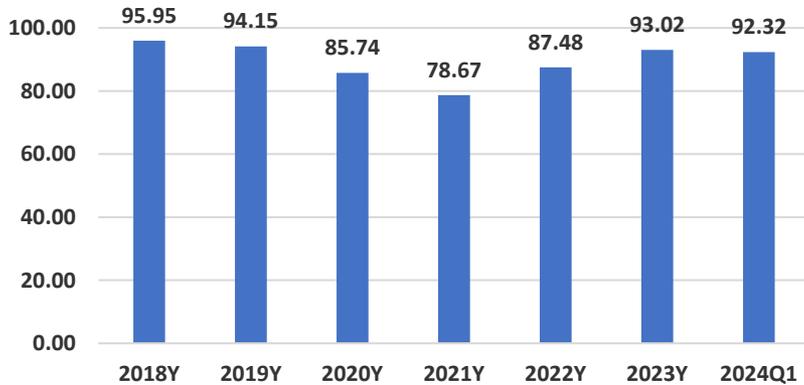
Avg Liquidity Ratio (%)



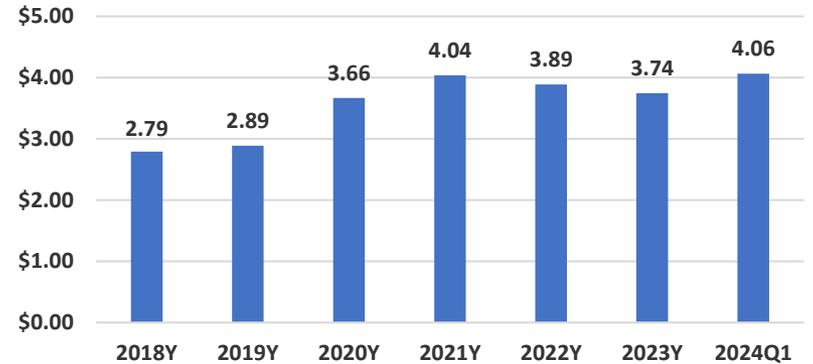
Avg Securities/Assets (%)



Avg Loans/Deposits (%)



Avg Total Deposits (\$ billions)



Source: The Kafarian Group, Inc. and S&P Capital IQ Pro; FDIC-insured Massachusetts banks. Excludes State Street Bank and Trust Company

THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

FIRST QUARTER OF 2024 RESULTS (AGGREGATE)

104 MA Institutions*
4,784 Total U.S. Institutions**

0.79% of the U.S. Banking Industry's Total Assets

1.30% of the U.S. Banking Industry's Total Loans

Net Interest Margin

MA: 2.57% down from 2.67% in Q4
 U.S.: 3.12% down from 3.19% in Q4

Returns

MA: ROAA of 0.71% down from 1.31% in Q4, ROAE of 6.30% down from 11.99% in Q4
 U.S.: ROAA of 1.08% up from 0.61% in Q4, ROAE of 11.13% up from 6.37% in Q4

Capital Levels

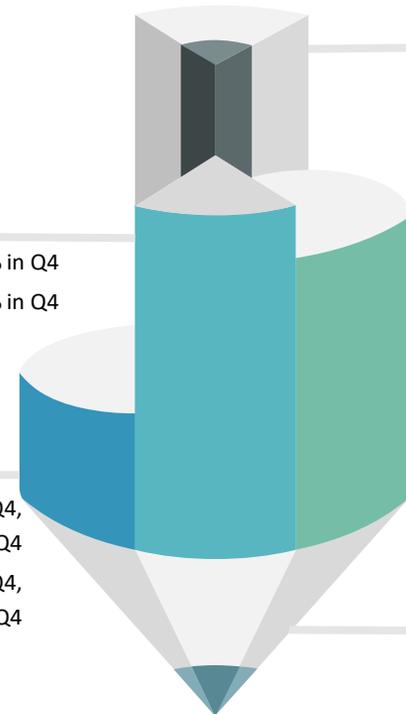
MA: Leverage Ratio of 11.16% up from 11.14% in Q4
 U.S.: Leverage Ratio of 9.25% up from 9.20% in Q4

Credit Quality

MA: Net charge-offs to average loans of 0.06% down from 0.10% in Q4
 U.S.: Net charge-offs to average loans of 0.66% up from 0.65% in Q4

Q1 2024 Number of Unprofitable Institutions

MA: 6.73%
 U.S.: 6.65%



*Massachusetts FDIC call report filers; removed State Street Bank and Trust Company

**All FDIC call report filers

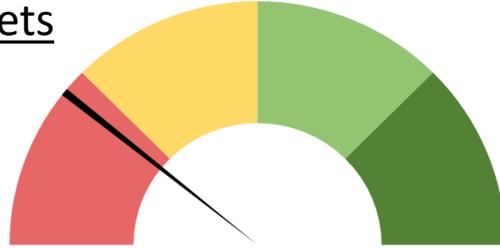
Source: The Kafafian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2024 and includes active commercial banks, savings banks and savings & loan associations

THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

RECENT PERFORMANCE: SELECT PROFITABILITY RATIOS (MEDIAN)

*Return On Avg. Assets

MA Median: 0.43%
U.S. Median: 0.84%

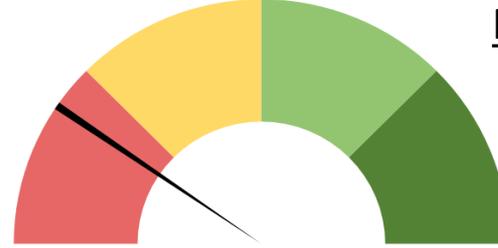


MA's **Median** ROAA ranks among the **21st** percentile Nationwide

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

Net Interest Margin

MA Median: 2.54%
U.S. Median: 3.24%



MA's **Median** Net Interest Margin ranks among the **19th** percentile Nationwide

Efficiency Ratio

MA Median: 85.19%
U.S. Median: 68.22%



MA's **Median** Efficiency Ratio ranks among the **17th** percentile Nationwide

Cost of Funds

MA Median: 2.27%
U.S. Median: 1.97%



MA's **Median** Cost of Funds ranks among the **36th** percentile Nationwide

Source: The Kafafian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2024 and includes active commercial banks, savings banks and savings & loan associations

THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

RECENT PERFORMANCE: SELECT BALANCE SHEET RATIOS (MEDIAN)

NPA/Assets

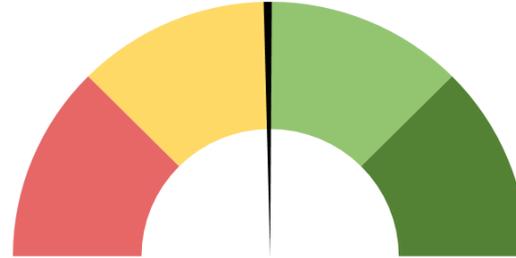
MA Median: 0.24%
U.S. Median: 0.23%



MA's **Median** NPA/Assets ranks among the **50th** percentile Nationwide

Tier 1 Leverage

MA Median: 10.54%
U.S. Median: 10.58%

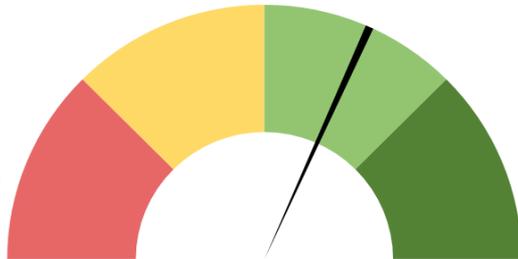


MA's **Median** Tier 1 Leverage Ratio ranks among the **49th** percentile Nationwide

*CRE/Loans

MA Median: 30.13%
U.S. Median: 23.66%

**non-owner occupied*



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

Loans/Deposits

MA Median: 94.99%
U.S. Median: 78.95%



MA's **Median** Loan/ Deposit ratio ranks among the **80th** percentile Nationwide

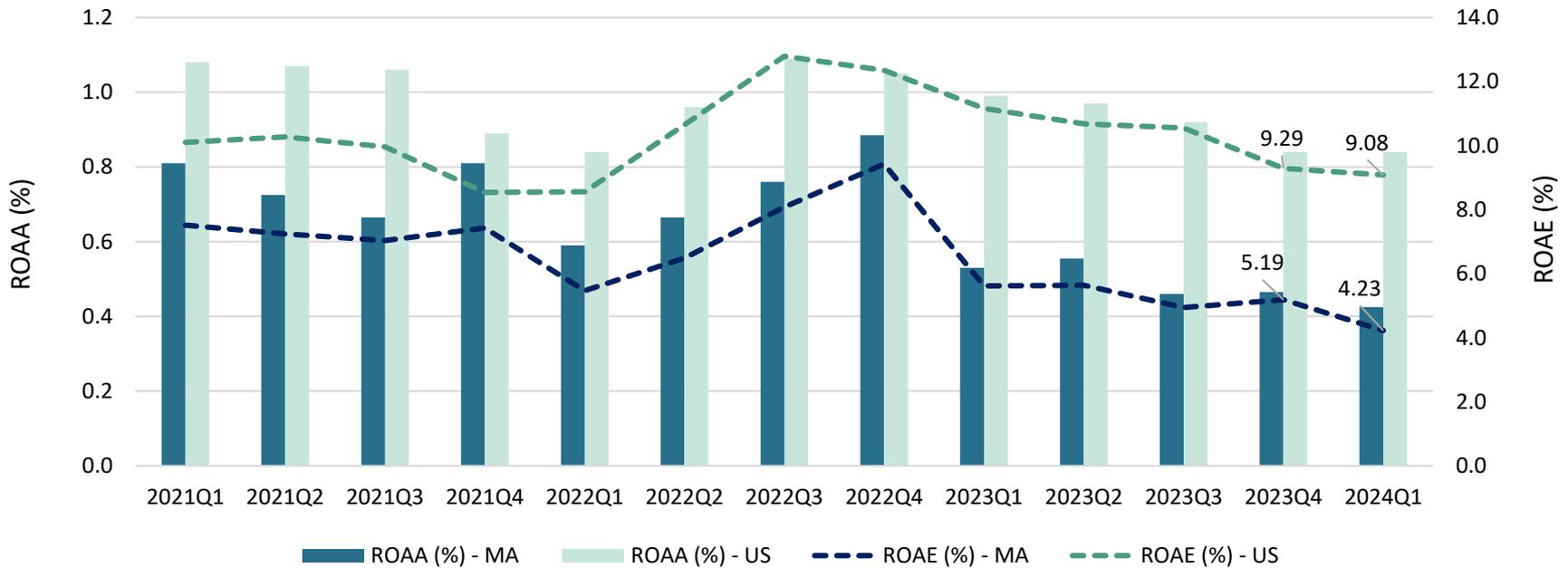
Source: The Kafarian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2024 and includes active commercial banks, savings banks and savings & loan associations

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS (MEDIAN)

ROAA and ROAE both decreased for Massachusetts banks and for U.S. banks in Q1 2024 compared to Q4 2023.

Profitability Highlights (Median %)

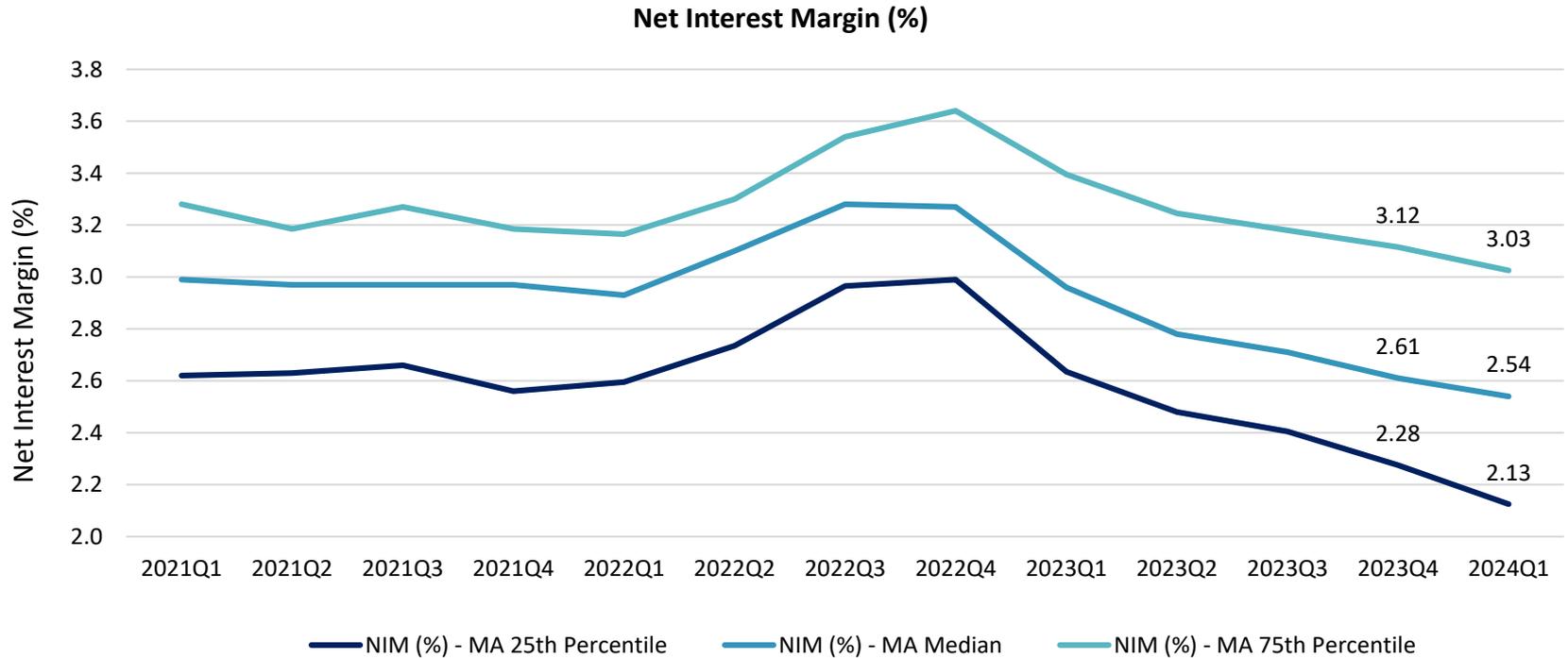


Source: The Kafafian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2024 and includes active commercial banks, savings banks and savings & loan associations

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS (CONTINUED)

The net interest margin for Massachusetts banks decreased on an aggregate level in Q1 2024 compared to Q4 2023. Median, 75th percentile, and top 25th percentile levels of NIM for Massachusetts banks decreased in Q1 2024 by approximately 7 to 15 basis points.



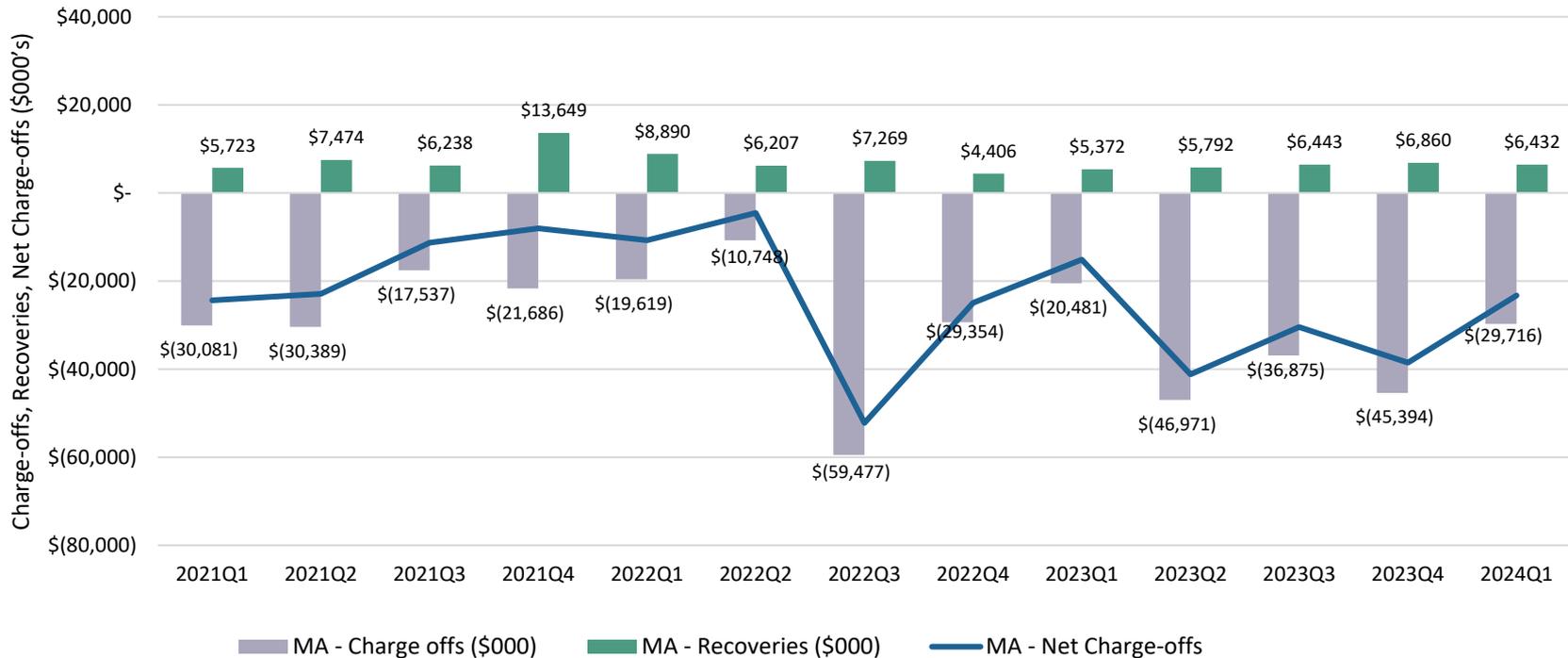
Source: The Kafarian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2024 and includes active commercial banks, savings banks and savings & loan associations ; Excludes certain institutions

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS (CONTINUED)

Net-charge offs in Q1 2024 improved for all active Massachusetts banks.

Massachusetts Aggregate Charge-offs and Recoveries



Source: The Kafafian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2024 and includes all active commercial banks, savings banks and savings & loan associations in Massachusetts

MBA LEGISLATIVE AGENDA & 2023-2024 LEGISLATIVE SESSION WATCHLIST

KEEP AN EYE OUT FOR WHAT'S NEXT ON THE AGENDA

We are well into the second year of the 2023-2024 legislative session, with the last day of Formal Sessions, July 31, quickly approaching. The Massachusetts legislature in the midst of budget season and is working to finalize a Fiscal Year 2025 budget by the start of the new fiscal year on July 1. Simultaneously, the legislature continues its work on a litany of other significant pieces of legislation before them. To recap, more than 8,200 bills were introduced this session. The Massachusetts Bankers Association tracked over 432 bills that related to the banking industry, many of which have since been sent to study. The Association continues to monitor and, when necessary, weigh-in on active bills impacting the industry. Members with an interest in having a representative on the Committee are welcome to reach out to MBA's Brad Papalardo, Senior Vice President, Chief of Government Affairs and Counsel at bpapalardo@massbankers.org.

MBA 2023-2024 LEGISLATIVE PROGRAM



S. 943 / H. 1525 - Enabling permanent remote online notarization filed by Senator Brendan Crighton (D-Lynn) and Representative Carmine Gentile (D-Sudbury). *(Signed by Gov. Healey, Chapter 2 of the Acts of 2023)*

H.277 - Protecting Massachusetts banks against patent infringement claims, filed by Representative Edward Coppinger (D- Boston); *(Placed in Orders of the Day for next session – 5/22/2024)*

H.1078 - Correcting drafting issues contained in Chapter 482 of the Acts of 2014, the bank modernization law, filed by Representative John Lawn (D-Watertown); *(Placed in Orders of the Day for next session – 5/22/2024)*

H.955 - Enhancing the state charter by making updates and revisions to several areas of state banking law, via our updated “mini-mod” bill filed by Representative Dan Cahill (D-Lynn); *(Extension Order Filed Until 5/17/24 by the Joint Committee on Financial Services – 2/8/24)*

H.281 - Imposing strong data security standards on retailers and other merchants, filed by Representative Michael Day (D-Stoneham); *(Extension Order Filed Until 7/31/24 by the Joint Committee on Consumer Protection & Professional Licensure – 2/8/24)*

H.1097 - Mandating stronger standards for credit union membership by-law changes and ensuring that state-chartered credit unions are fulfilling their traditional mission, filed by Representative Frank Moran (D-Lawrence); *(Accompanied Study Order - Joint Committee on Financial Services – 2/7/24)*

1419 / S.1117 - Increasing the penalties for bank robberies and allowing the check fraud cases to be consolidated into a single county, filed by Representative Tackey Chan (D – Quincy) and Senator Michael Rush (D-West Roxbury); *(Accompanied a Study Order by the Joint Committee on Judiciary– 2/5/24)*

H.1641 / S.974 - Governing access to a person’s online accounts and assets when the owner passes away or loses the ability to manage the accounts, filed by Representative Jay Livingstone (D-Back Bay) and Senator Barry Finegold (D-Andover); *(Accompanied a Study Order by the Joint Committee on Judiciary– 2/5/24)*

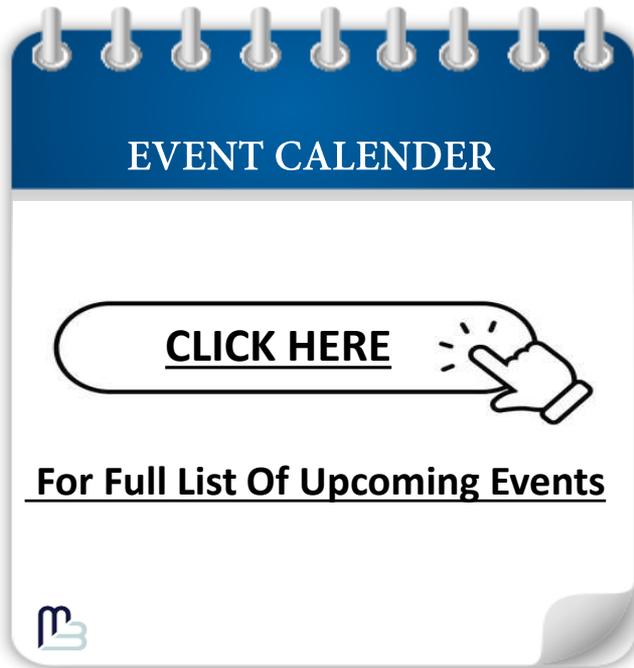
H.954 - Updating the use of bank name statute to reflect changes in technology and customer communication, filed by Representative Dan Cahill (D-Lynn); *(Accompanied a Study Order by the Joint Committee on Financial Services – 2/7/24)*

H.1405 - Enacting provisions to help facilitate electronic lending in the Commonwealth filed by Representative Dan Cahill (D-Lynn); *(Accompanied a Study Order by the Joint Committee on Judiciary– 2/5/24)*

Source: Massachusetts Bankers Association

MASSACHUSETTS BANKERS ASSOCIATION

UPCOMING EVENTS



MBA Events: June 2024

- 6**
June 2024
Massachusetts Banking Innovation Summit - 3rd Annual
Mass Bankers returns to the Encore Boston Harbor Resort + Casino on June 6th and 7th for its 3rd Annual Massachusetts Banking and Innovation Summit.
- 7**
June 2024
2024 Credit Analyst Apprenticeship Program
8-month program that provides basic skills and knowledge for Credit Analyst roles. Workforce Training Grant eligible.
- 13**
June 2024
Mass Bankers Association Diversity Equity and Inclusion Summit
- 18**
June 2024
FDIC Director & Trustee College
Attention Bank Directors: Are you up-to-date on the latest regulatory requirements and compliance expectations for your institution? Join us at the FDIC Director College to enhance your knowledge and skills as a bank director.
- 20**
June 2024
Call Report Preparation
A 2-day workshop to keep you informed on accounting standards and the 2024 regulatory changes relating to call reports.
- 26**
June 2024
Executive Officers Conference

Source: Massachusetts Bankers Association

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 Insights. Click any of the topics to be taken to the podcast or Perspective article!



TKG Monthly Podcast

[How Promoting Financial Literacy Can Help Financial Institutions Perform Better](#)

[Ingredients to a Successful Management Team](#)

[Reducing Expenses with Process Automation](#)

[Graduating from Data Analytics to Data Utilization](#)



TKG Quarterly Perspectives

[Failure is OK](#)

[Insights from the American Bankers' Association Conference for Community Bankers](#)

[Navigating the Shifting Tides: Unraveling the Dynamics of Higher for Longer Rates and Profitability Trends in Community Banks](#)

[Banking On: The Inflection Points](#)

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.kafiangroup.com