

STATE OF THE INDUSTRY: MASSACHUSETTS Q1 2025

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

As of March 31, 2025, there was a 64.50% probability that the target fed funds rate would be 400-425bps for the June 2025 meeting. As of May 20, 2025, the probabilities for the June 2025 meeting indicate a 94.70% chance of the target fed funds rate being 425-450bps, suggesting no immediate rate cut.

2

In Q4 2024, the median net interest margin (NIM) for U.S. banks was 3.45, which increased slightly to 3.46 in Q1 2025. For banks in Massachusetts, the NIM increased from 2.63 in Q4 2024 to 2.66 in Q1 2025, reflecting continued stabilization and improvement in lending conditions.

3

So far in 2025, there have been 44 U.S. bank deals announced, reflecting a rebound in M&A activity. This resurgence indicates a growing interest in mergers and acquisitions within the banking sector, suggesting a positive outlook for future consolidation and growth opportunities. As of May 5, 2025, Massachusetts banks were involved in three of the 44 U.S. bank M&A deals announced this year.

4

Massachusetts has enacted a new law to regulate payment apps. This legislation aims to enhance consumer protection and ensure the secure transmission of funds through digital payment platforms. The new regulations will provide a framework for the operation of payment apps, addressing issues such as transparency, security, and compliance.

5

Despite tighter margins, marketing remains crucial for banks to attract deposits and stand out beyond offering high interest rates. Customers are willing to travel for better service, highlighting the importance of customer experience. Some banks are focusing on innovation rather than competing solely on rates, offering unique products and perks. A successful approach involves an omni-channel marketing strategy that blends traditional and digital platforms to engage a broad customer base.

Source: The Kafafian Group, Inc.

ECONOMIC SNAPSHOT

EMPLOYMENT & HOUSING

EMPLOYMENT	Measure	Mar-25	Feb-25	Jan-25	Change from Prior Month (%) or actual change	Change from Prior Year (%) or actual change
		3/29/2025	2/22/2025	1/25/2025		
1 Unemployment Rate (National Seasonally Adj)	%	4.2	4.1	4.0	0.1	0.30
2 Unemployment Rate in Massachusetts (Not Seasonally Adj)	%	5.0	5.0	4.7	0.0	1.0
3 All Employees, Total Nonfarm	000's	159,340	159,155	159,053	0.12%	1,823
4 Labor Force Participation Rate	%	62.5	62.4	62.6	0.00	(0.2)
5 Initial Claims (Weekly)		219,000	243,000	210,000	-9.88%	-1.79%

HOUSING	Measure	Mar-25	Feb-25	Jan-25	Change from Prior Month (%) or actual change	Change from Prior Year (%) or actual change
		1Q2025	3Q2024	4Q2024		
6 S&P/Case-Shiller U.S. National Home Price Index		NA	330.2	329.4	0.25%	3.68%
7 S&P/Case-Shiller MA-Boston Home Price Index		NA	348.4	347.7	0.22%	5.53%
8 Housing Affordability Index		NA	102.2	101.7	0.49%	2.20%
9 New Privately-Owned Housing Units Started: Single-Family Units	000's	947	1,098	1,000	-13.75%	-9.38%
10 New Privately-Owned Housing Units Started: Single-Family Units in the Northeast Census Region	000's	65.0	89.0	47.0	-26.97%	-2.99%
11 30-Year Fixed Rate Mortgage Average in the United States	%	6.65	6.84	6.96	-2.78%	-2.49%
12 Delinquency Rate on Single-Family Residential Mortgages	%	NA	1.74	1.73	0.58%	1.75%

Source: The Kafarian Group, Inc. analysis of data provided by the Federal Reserve Bank of St. Louis, data where available as of 3/31/2025

ECONOMIC SNAPSHOT

MARKET/RATES, CONSUMER, & PRODUCTION/PRICES

MARKET/RATES (End of Period)	Measure				Change from	Change from
		Mar-25	Feb-25	Jan-25	Prior Month (%) or actual change	Prior Year (%) or actual change
1 S&P 500		5,611.9	5,954.5	6,040.5	-5.75%	6.80%
2 Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis	%	4.23	4.24	4.58	0%	0.03
3 Bank Prime Loan Rate	%	7.50	7.50	7.50	0%	(1.00)
4 Federal Funds Effective Rate	%	4.33	4.33	4.33	0%	(1.00)

CONSUMER	Measure				Change from	Change from
		Mar-25	Feb-25	Jan-25	Prior Month (%) or actual change	Prior Year (%) or actual change
5 Personal Consumption Expenditures: Chain-type Price Index		125.7	125.8	125.3	-0.08%	2.36%
6 Retail Sales: Excluding Motor Vehicle and Parts	\$mil	550,517	548,311	547,532	0.40%	4.54%
7 University of Michigan: Consumer Sentiment		57.00	64.70	71.70	-11.90%	-28.21%
8 Personal Saving Rate	%	3.9	4.10	3.90	-4.88%	-25.00%

PRODUCTION/PRICES	Measure				Change from	Change from
		Mar-25	Feb-25	Jan-25	Prior Month (%) or actual change	Prior Year (%) or actual change
9 Consumer Price Index		319.62	319.78	319.09	-0.05%	2.41%
10 ISM Manufacturing: PMI		49.00	50.30	50.90	(0.03)	(1.30)
11 ISM Services: PMI		50.80	53.50	52.80	(0.05)	(0.60)
		1Q2025	3Q2024	4Q2024		
12 Gross Domestic Product (Change from Prior, annualized rate)	%	(0.30)	2.40	3.10	(2.70)	(1.90)

Source: The Kafafian Group, Inc. analysis of data provided by the Federal Reserve Bank of St. Louis, data where available as of 3/31/2025

STATE ECONOMIC TRENDS

NEW ENGLAND REGIONAL ECONOMIC TRENDS

The below highlights unemployment rate and salary trends in New England from October 2024 through March 2025. Massachusetts had the second highest increase in 12-month percentage change in Unemployment Rate in the New England region during the six-month period.

Unemployment Rate %						
State	Oct2024	Nov2024	Dec2024	Jan2025	Feb2025	Mar2025
1 Massachusetts	3.70	3.90	4.20	4.70	5.00	5.00
2 Connecticut	2.50	2.70	2.70	4.00	4.50	4.10
3 Rhode Island	4.10	4.50	4.20	5.40	6.20	5.10
4 New Hampshire	2.20	2.70	2.70	3.30	3.60	3.50
5 Vermont	1.90	2.50	2.50	3.00	3.00	2.80
6 Maine	2.90	3.60	3.60	4.00	4.00	3.80
Nonfarm Wage and Salary Employment 12 Month % Change						
State	Oct2024	Nov2024	Dec2024	Jan2025	Feb2025	Mar2025
7 Massachusetts	(0.20)	(0.20)	(0.20)	(0.20)	(0.30)	(0.30)
8 Connecticut	0.60	0.70	0.90	0.80	0.70	0.40
9 Rhode Island	1.20	1.30	1.10	1.30	1.10	0.70
10 New Hampshire	1.00	1.20	1.40	1.10	1.10	1.10
11 Vermont	0.40	0.30	0.10	0.30	0.60	0.80
12 Maine	1.00	0.70	0.70	0.50	0.30	0.30
Finance Activities Wage and Salary Employment 12 Month % Change						
State	Oct2024	Nov2024	Dec2024	Jan2025	Feb2025	Mar2025
13 Massachusetts	(1.40)	(0.80)	(0.50)	-	(0.30)	-
14 Connecticut	(0.30)	0.40	0.40	1.30	1.60	1.80
15 Rhode Island	(1.10)	-	(0.80)	(0.30)	-	-
16 New Hampshire	(0.60)	(0.30)	(0.30)	0.30	0.60	0.30
17 Vermont	(1.70)	(1.70)	(3.40)	(2.50)	(1.70)	(2.60)
18 Maine	(1.50)	(1.10)	(1.90)	(1.90)	(1.90)	(0.80)

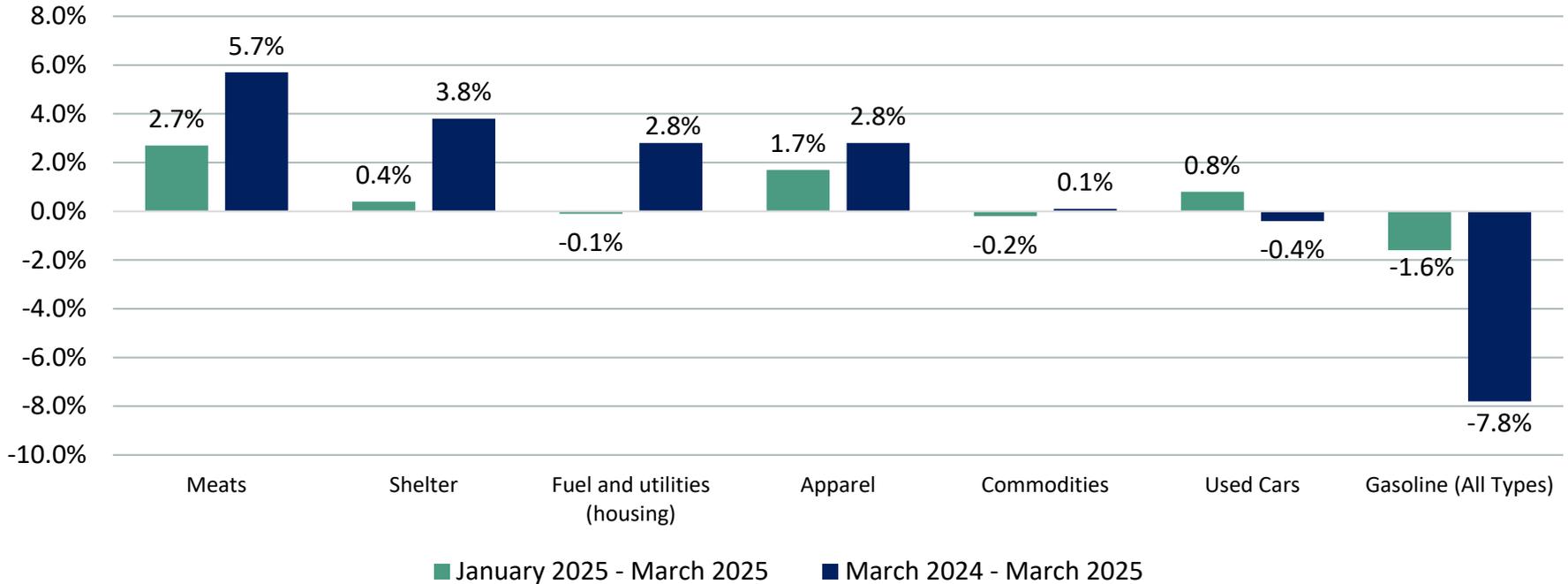
Source: Bureau of Labor Statistics

INFLATION

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

The graphic below shows year-over-year cost increases in everyday necessities between January 2025 and March 2025 as well as March 2024 and March 2025. Inflation has slightly increased in most categories. The cost of gasoline in the Boston-Cambridge-Newton Metropolitan area is down 1.6% from January 2025 and decreased significantly from March 2024 by 7.8%.

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

As of May 20, 2024, there was a 22.76% probability of rates being 425-450bps for the June 2025 meeting, by quarter end Q2 2024 that probability increased to 29.66%. As of December 31, 2024, the target fed funds rate shifted to 400-425bps with a probability of 44.05% for the June 18, 2025 meeting. As of March 31, 2025, the probability of rate being 400-425bps for the June 2025 meeting was 64.50%. Interest rates did not change in Q1 2025. The probabilities for the June 2025 meeting indicate the probability of a target fed funds rate of 425-450bps is 94.70%, indicating that there will likely not be an immediate rate cut.

MEETING PROBABILITIES(%)								
MEETING DATE	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
6/18/2025	0.0	0.0	0.0	0.0	0.0	0.0	5.3	94.7
7/30/2025	0.0	0.0	0.0	0.0	0.0	1.3	27.5	71.2
9/17/2025	0.0	0.0	0.0	0.0	0.7	16.1	52.1	31.0
10/29/2025	0.0	0.0	0.0	0.4	9.3	36.1	40.4	13.8
12/10/2025	0.0	0.0	0.3	6.6	28.1	39.1	21.8	4.1
1/28/2026	0.0	0.1	2.9	15.6	32.7	31.8	14.4	2.4
3/18/2026	0.1	1.5	9.2	24.0	32.3	23.2	8.5	1.2
4/29/2026	0.4	3.4	12.9	26.1	30.0	19.6	6.7	0.9
6/17/2026	1.4	6.6	17.3	27.4	26.5	15.2	4.7	0.6

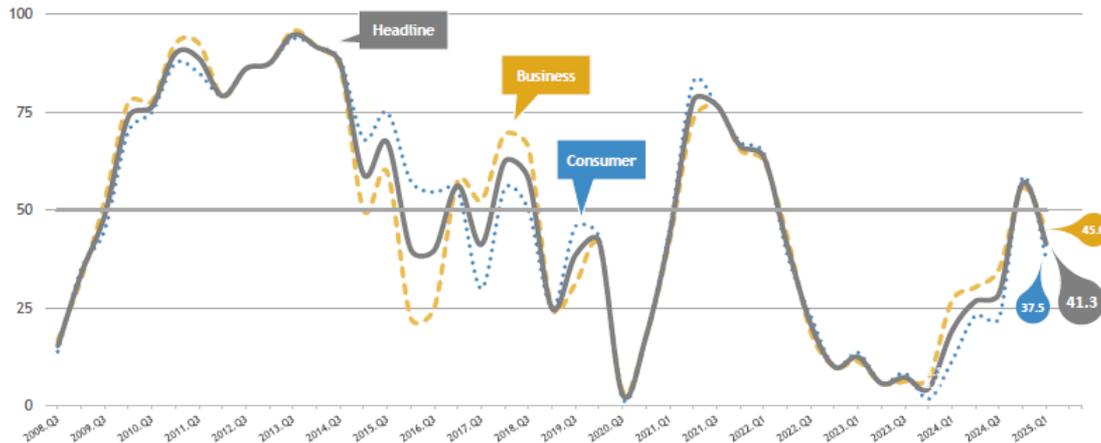
Source: CME Group. Data as of 5/20/2025

CREDIT CONDITIONS

POTENTIAL FOR CONTINUOUS IMPROVEMENT OF CREDIT MARKET CONDITIONS IN 2025?

- In the first quarter of 2025, the headline credit index decreased 15.7 points to 41.3, the first decline over the previous 5 quarters. Despite this decline, it is still the second strongest reading over the last three years. The consumer credit index decreased 20.8 points to 37.5 in Q1. Despite this substantial decrease, many bank economists are optimistic that credit conditions will hold steady. The business credit index decreased 10.6 points to 45.0 in Q1, remaining stronger than consumer credit conditions. After significant improvement in 2024, credit conditions weakened in the first quarter of 2025.
- The ABA Credit Conditions Index fell below the neutral reading in the first quarter of 2025 after rising above the neutral reading for the first time in three years in the fourth quarter of 2024. This has led bank economists to express a neutral opinion about the outlook of the economy in 2025. The Fed cut interest rates by 100bps in 2024 and indicated another potential rate cut in 2025. With a strong labor market, positive spending growth, and improving inflation data, bank economists believe the U.S. economy is headed toward a soft landing. Although consumer spending remained positive in 2024, the first quarter credit conditions results show that both consumer spending and business credit demand are due for a slight pullback over the next six months. Despite the pullback, bank economists continue to expect positive job growth, low unemployment, and decent economic growth in 2025.

CREDIT CONDITIONS INDEX: HISTORICAL SERIES*

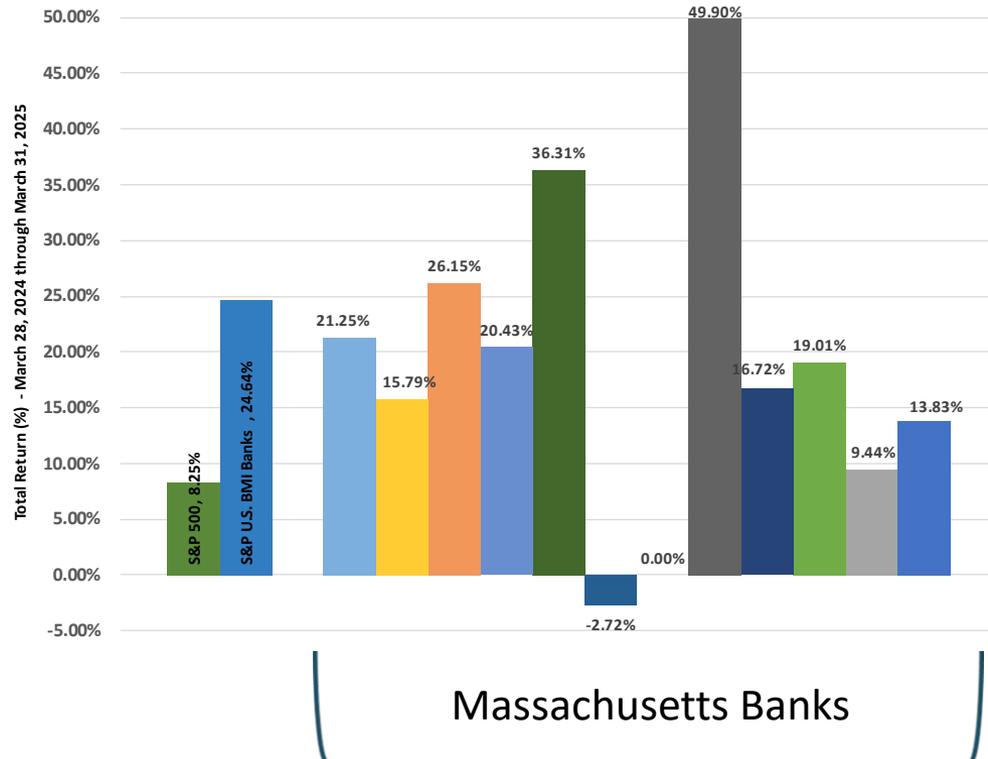


Source: ABA Credit Conditions Index 3/25/2025

TOTAL RETURN

TOTAL RETURN: MARCH 28, 2024 THROUGH MARCH 31, 2025

The median total return for publicly traded Massachusetts headquartered banks was 16.72%, while the S&P U.S. BMI Banks Index was 24.64% and the S&P 500 was 8.25%.

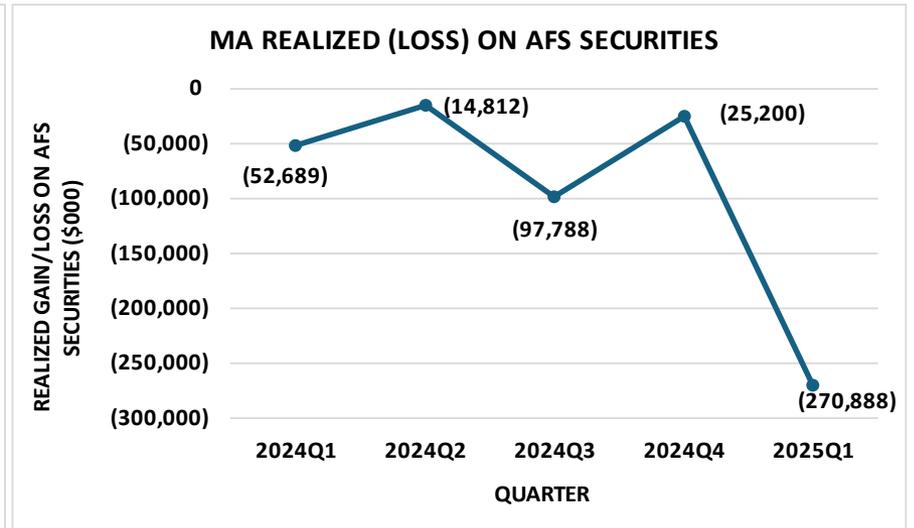
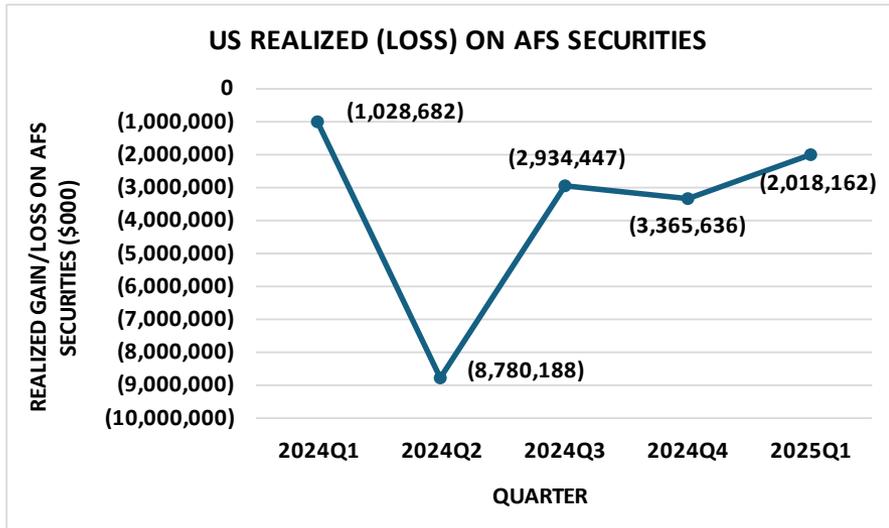


Source: The Kafarian Group, Inc. and S&P Capital IQ Pro data as of 5/20/2025

SEEKING HIGHER YIELDS FROM AFS PORTFOLIOS

THE TREND IN 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 2024 to Q1 2025. Bond values react inversely to the 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 1st quarter of 2025 shows a 40.04% decrease 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 saw a major increase in realized losses on AFS securities from Q4 2024 to Q1 2025, this is largely due to one bank realizing \$270 million in losses on AFS securities. From Q1 2024 to Q1 2025, some Massachusetts banks sought improved yields and restructuring their balance sheets by selling underwater AFS securities.

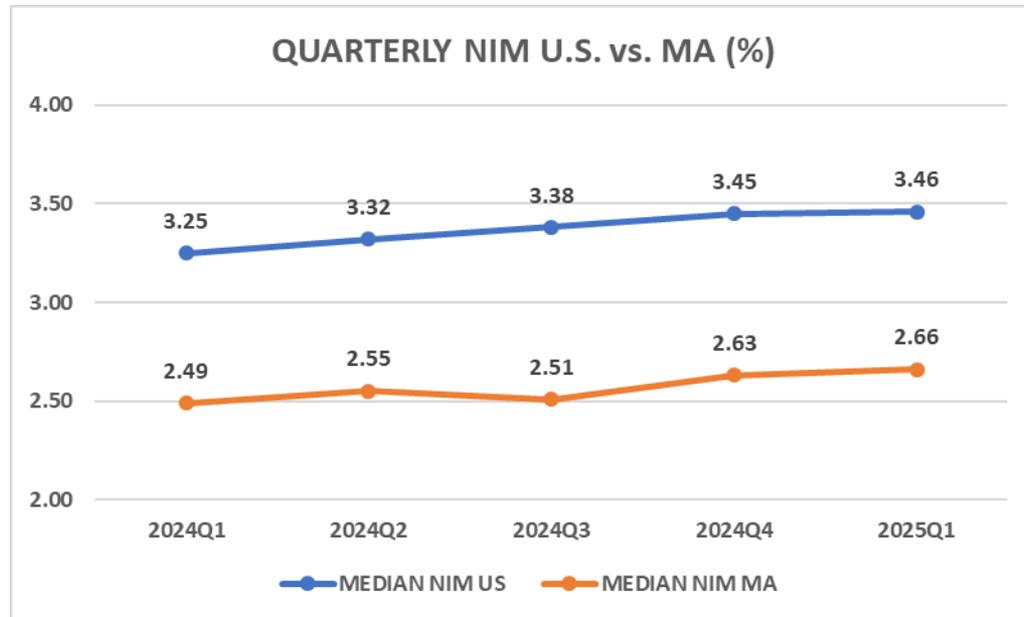


Source: S&P Capital IQ Pro, American Banker

NET INTEREST MARGIN ENVIRONMENT

U.S. VS MASSACHUSETTS (QUARTERLY UPDATE)

Decreased borrowing costs due to interest rate cuts have contributed to an increase in net interest margins (NIM) for banks both nationally and in Massachusetts. The graph below shows the median NIM by quarter from Q1 2024 through Q1 2025. In Q4 2024, the median NIM in the U.S. was 3.45, increasing slightly to 3.46 in Q1 2025. For banks in Massachusetts, the NIM increased from 2.63 in Q4 2024 to 2.66 in Q1 2025. These gains reflect continued stabilization and steady improvement in lending conditions.



Source: S&P Capital IQ Pro

M&A OUTLOOK

44 U.S. BANK DEALS ANNOUNCED IN 2025 REFLECT REBOUND IN M&A ACTIVITY

While U.S. bank M&A activity remains below typical levels, a rebound is possible due to pent-up demand from 2023 and 2024, with upcoming deals likely to resemble "better-together" mergers of similarly sized institutions. As of May 5, 2025, Massachusetts banks were involved in three of the 44 U.S. bank M&A deals announced this year.



Data compiled May 5, 2025.

Analysis limited to US-based whole company, minority stake, and franchise bank and thrift deals that were announced between July 1, 2020, and April 30, 2025. Excludes branch, government-assisted and terminated deals, as well as bids and thrift merger conversions.

* Quarter to date through April 30, 2025.

Deal values are as of the announcement date.

Source: S&P Global Market Intelligence, 5/5/2025

BEACON HILL UPDATE

2025-2026 LEGISLATIVE SESSION

The 194th General Court of the Commonwealth of Massachusetts – the 2025-2026 Legislative Session – commenced on January 1, 2025. There are now 7,661 bills filed in the House and the Senate. The Association is currently monitoring 419 active bills – a number that is expected to change as the session goes on. As part of our Legislative Program this session, the Association had 13 bills introduced on behalf of the industry, which you can find a brief summary on and sponsors for each bill [on our webpage](#).

Massachusetts Senate, House Budgets: No Tax Increase on Security Corporations

- In Spring 2025, the MA Senate and House of Representatives each passed their budget proposals. We are glad to report that both budgets **do not call for increased taxes on security corporations**. As you may recall the Governor’s budget proposal that was unveiled in January called for a repeal of the security corporation tax rate, which would have increased it to the rate for financial institutions at 9%.
- Responding to a call-to-action survey, roughly one-third of Association members – the majority under \$1 billion in assets – indicated that a repeal of the tax would have severe impacts on community banks via their charitable giving, community support, efforts to improve bank technology, customer support and more. Thank you to MBA Members for taking the time to provide the critical information needed to help inform policymakers on Beacon Hill.



Mass Bankers Association on Beacon Hill

- Since April 2025, the Association submitted over 30 pieces of testimony on a variety of bills before several committees. You can read our testimony on our website, which is updated frequently. The webpage can be found here: [Testimony](#).

Track Industry-Related Legislation

- MBA’s [real-time bill tracker](#) remains the best way to monitor all bills that remain active for the remainder of the 2025-2026 legislative session.

Source: Massachusetts Bankers Association

GOVERNOR HEALEY SIGNS MONEY TRANSMISSION BILL

MASSACHUSETTS ENACTS NEW LAW TO REGULATE PAYMENT APPS

Massachusetts has enacted a new law requiring payment apps like Venmo, PayPal, and CashApp to be licensed and regulated by the Division of Banks, providing stronger consumer protections and aligning the state with national standards. The law also establishes consistent oversight for non-bank financial services and supports regulatory efficiency through participation in a nationwide supervisory framework.

- **Consumer Protection for Payment App Users:** The new law ensures that Massachusetts residents using apps like Venmo, PayPal, and CashApp are now protected against fraud and have regulatory safeguards in place.
- **Licensing Requirement for Money Transmitters:** Payment apps and other money transmission services must now be licensed and comply with Division of Banks (DOB) regulations.
- **Regulatory Consistency Across Financial Services:** The bill creates a level playing field by applying the same regulatory standards to non-bank entities offering similar services as traditional banks.
- **Alignment with National Standards:** Massachusetts adopts a model law framework enabling participation in “networked supervision” with other states to streamline oversight and resource allocation.
- **Support for Businesses:** By introducing uniform regulatory standards, the law reduces compliance burdens and improves efficiency for financial service providers.
- **Strategic Modernization:** The legislation updates outdated statutes, helping the Division of Banks pursue national accreditation and better oversee the evolving financial technology landscape.



Source: Mass.gov, 1/2/2025

BANK MARKETING IN A COMPETITIVE DEPOSIT ENVIRONMENT

HOW COMMUNITY BANKS ARE INNOVATING BEYOND INTEREST RATES

In today's competitive deposit environment, banks are shifting focus from just offering high interest rates to delivering unique value through marketing, innovation, and customer perks. By blending traditional advertising with digital outreach and introducing differentiated products, community banks are working to attract and retain customers even amid economic uncertainty.

Marketing Budgets Still Matter:

- Despite tighter margins, strategic marketing remains essential for attracting deposits—especially as banks aim to differentiate beyond just offering high interest rates.

Consumer Willingness to Travel:

- Research shows customers are willing to drive up to 26 minutes for better service, emphasizing the value of strong service over proximity.

Traditional Media Still Works:

- Local newspaper ads remain effective for reaching older, wealthier demographics, particularly for promoting time deposits like CDs.

Innovation Over Price Wars:

- Banks like Berkshire are avoiding "races to the bottom" by offering unique products—such as shared direct accounts and perks like streaming credits and early paydays.

Omni-Channel Marketing Strategy:

- Successful banks use a blend of print, radio, TV, and social platforms (e.g., Google, Instagram, Pinterest, TikTok) to reach diverse demographics.



Source: Bankers & Tradesman, 3/16/2025

THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

FIRST QUARTER OF 2025 RESULTS (AGGREGATE)

100 MA Institutions*

4,661 Total U.S. Institutions**

0.78% of the U.S. Banking Industry's Total Assets

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

Net Interest Margin

MA: 2.83% up from 2.73% in Q4
U.S.: 3.20% up from 3.19% in Q4

Returns

MA: ROAA of 0.22% down from 0.77% in Q4, ROAE of 1.93% down from 6.66% in Q4
U.S.: ROAA of 1.16% up from 1.11% in Q4, ROAE of 11.55% up from 11.03% in Q4

Capital Levels

MA: Leverage Ratio of 11.11% up from 11.09% in Q4
U.S.: Leverage Ratio of 9.45% up from 9.35% in Q4

Credit Quality

MA: Net charge-offs to average loans of 0.22% up from 0.14% in Q4
U.S.: Net charge-offs to average loans of 0.70% up from 0.67% in Q4

Q4 2024 Percent of Unprofitable Institutions

MA: 13.00%
U.S.: 5.99%

*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 3/31/2025 and includes all 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: 0.41%
U.S. Median: 0.96%

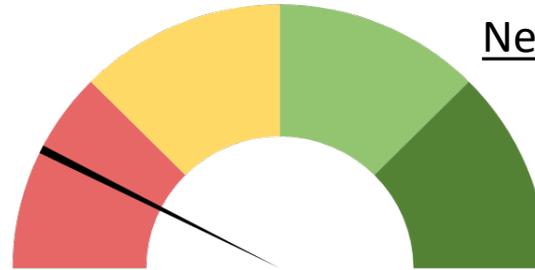


MA's **Median** ROAA ranks among the **15th** percentile Nationwide

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

Net Interest Margin

MA Median: 2.66%
U.S. Median: 3.46%



MA's **Median** Net Interest Margin ranks among the **14th** percentile Nationwide

Efficiency Ratio

MA Median: 79.76%
U.S. Median: 65.26%



MA's **Median** Efficiency Ratio ranks among the **20th** percentile Nationwide

Cost of Funds

MA Median: 2.26%
U.S. Median: 1.98%



MA's **Median** Cost of Funds ranks among the **35th** percentile Nationwide

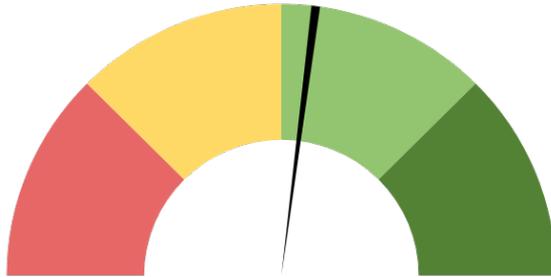
Source: The Kafafian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2025 and includes active commercial banks, savings banks and savings & loan associations

THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

RECENT PERFORMANCE: SELECT BALANCE SHEET RATIOS (MEDIAN)

NPA/Assets

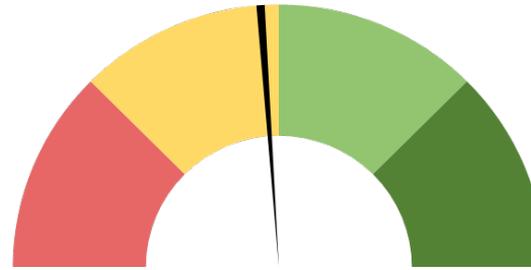
MA Median: 0.25%
U.S. Median: 0.29%



MA's **Median** NPA/Assets ranks among the **54th** percentile Nationwide

Tier 1 Leverage

MA Median: 10.56%
U.S. Median: 10.75%

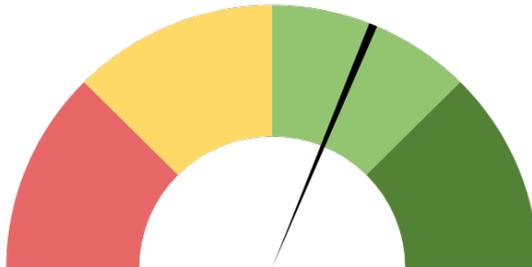


MA's **Median** Tier 1 Leverage Ratio ranks among the **47th** percentile Nationwide

*CRE/Loans

MA Median: 30.15%
U.S. Median: 24.34%

**non-owner occupied*



MA's **Median** Total CRE/Loans ratio ranks among the **62nd** percentile Nationwide

Loans/Deposits

MA Median: 94.03%
U.S. Median: 79.36%



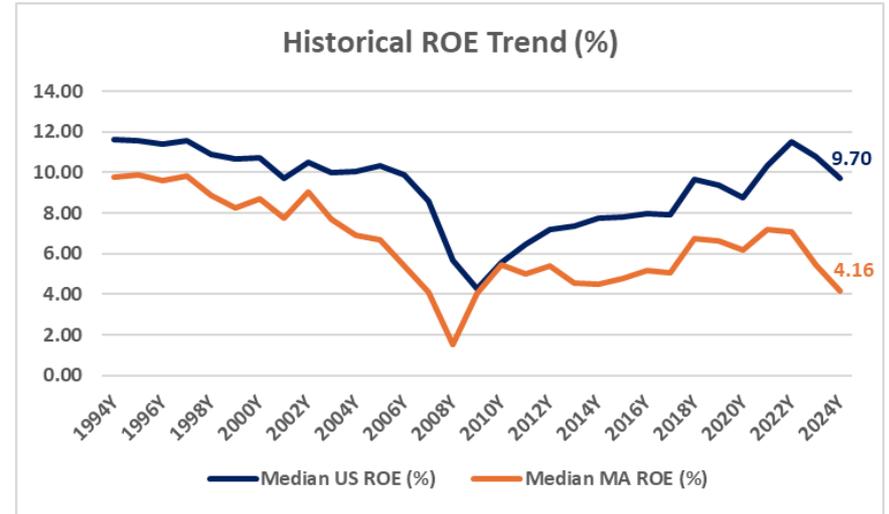
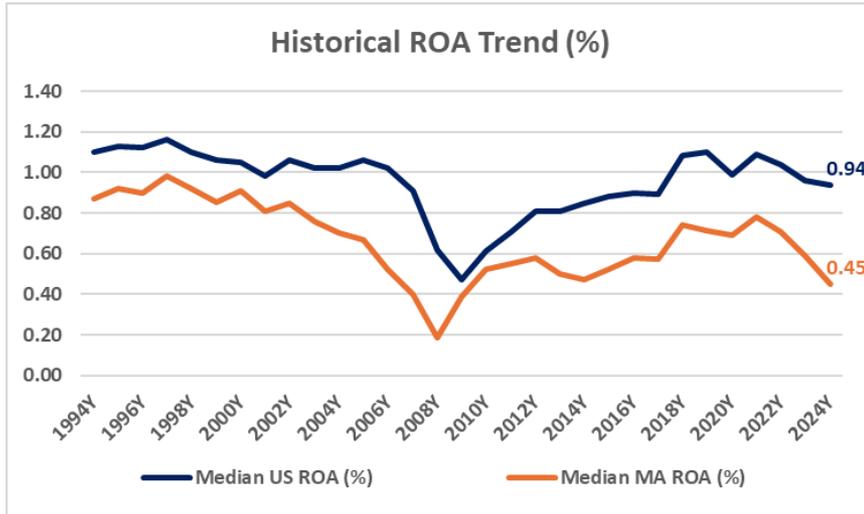
MA's **Median** Loan/ Deposit ratio ranks among the **81st** percentile Nationwide

Source: The Kafarian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2025 and includes active commercial banks, savings banks and savings & loan associations

HISTORICAL TRENDS

U.S. BANKS VS MASSACHUSETTS BANKS

From 1994 to 2007, U.S. ROA remained relatively stable, averaging around 1.06%, before falling sharply during the 2008 financial crisis to a low of 0.47% in 2009. It has since recovered gradually, reaching approximately 0.94% by 2024. In contrast, Massachusetts ROA consistently trailed the national median, beginning at 0.87% in 1994, plunging to 0.19% in 2008, and rebounding to 0.45% by 2024. U.S. ROE followed a similar trajectory, starting strong at 11.64% in 1994, dipping significantly during the 2008–2009 crisis, and recovering to about 9.70% by 2024. Massachusetts, however, started from a lower baseline of 9.77% and experienced a steeper long-term decline, ending at 4.16% in 2024.

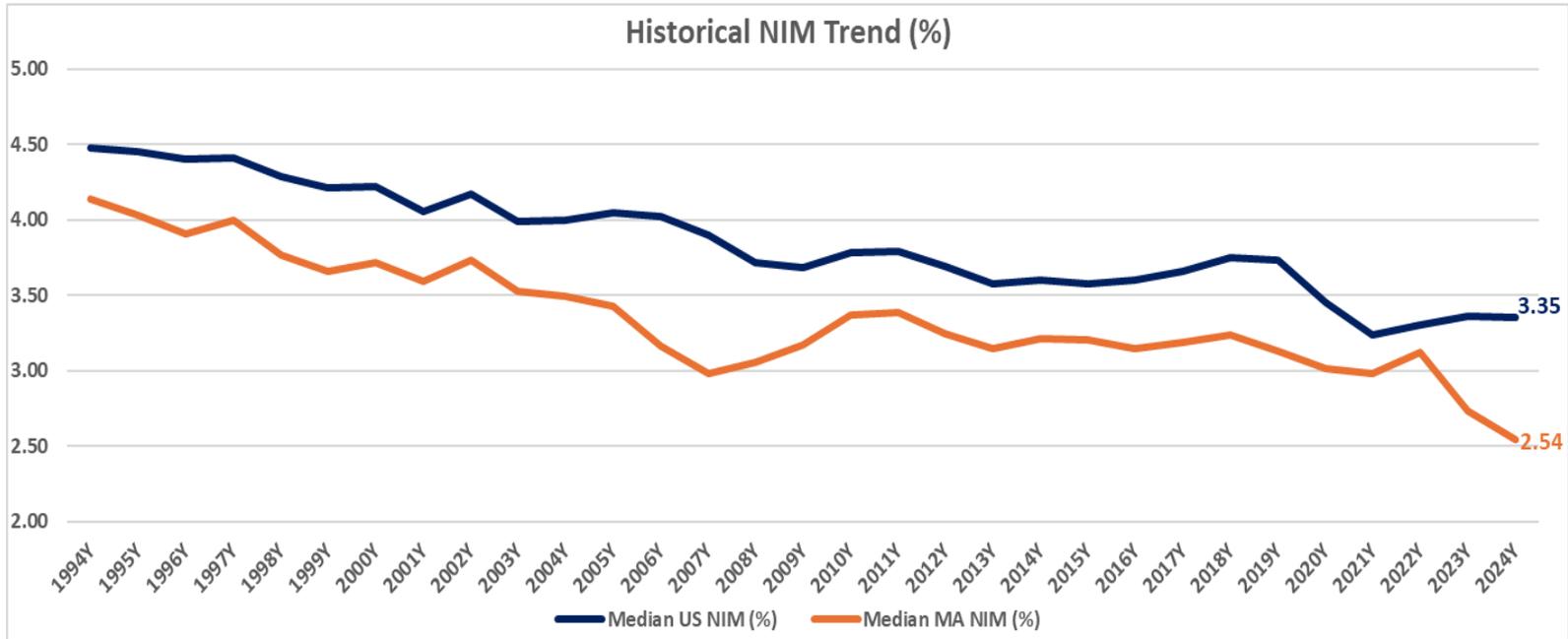


Source: S&P Capital IQ Pro

HISTORICAL TRENDS

U.S. BANKS VS MASSACHUSETTS BANKS (CONTINUED)

U.S. NIM declined gradually from 4.48% in 1994 to 3.35% in 2024, reflecting margin compression over time. Massachusetts NIM followed a similar downward trend, from 4.14% in 1994 to 2.54% in 2024, but has constantly remained below the national median.



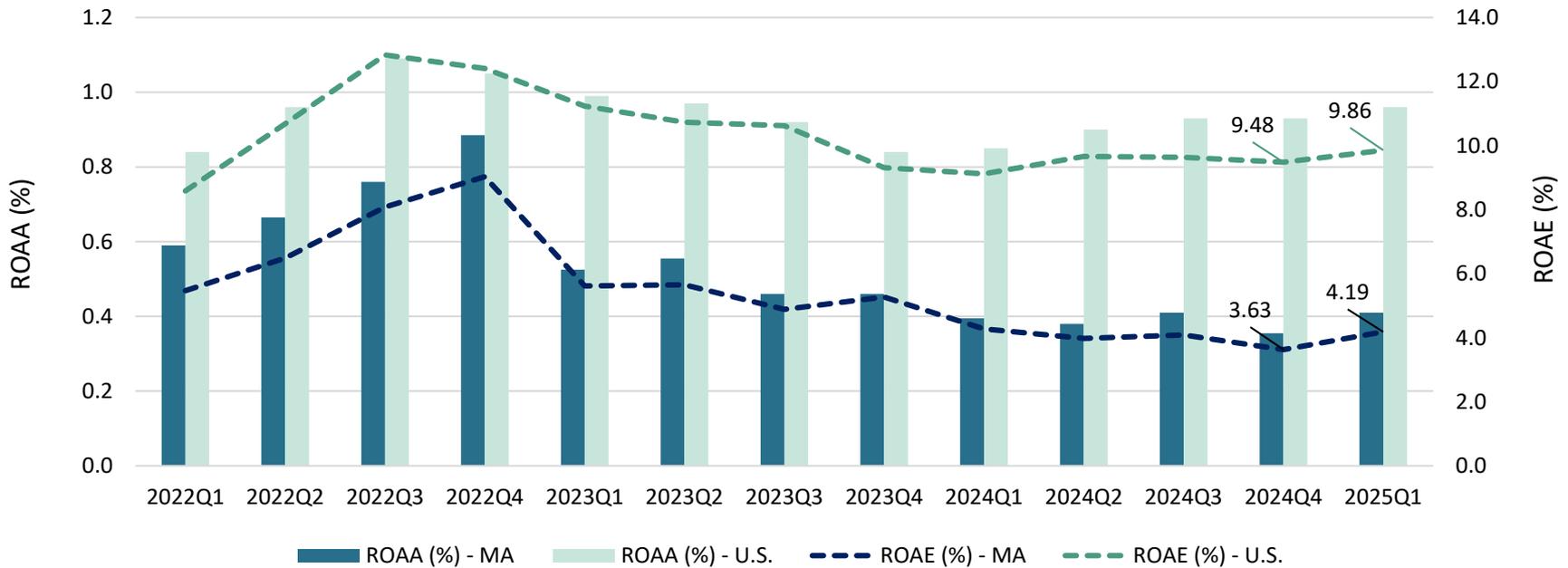
Source: S&P Capital IQ Pro

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS (MEDIAN)

ROAA and ROAE both increased for Massachusetts banks and U.S. banks in Q1 2025 compared to Q4 2024.

Profitability Highlights (Median %)

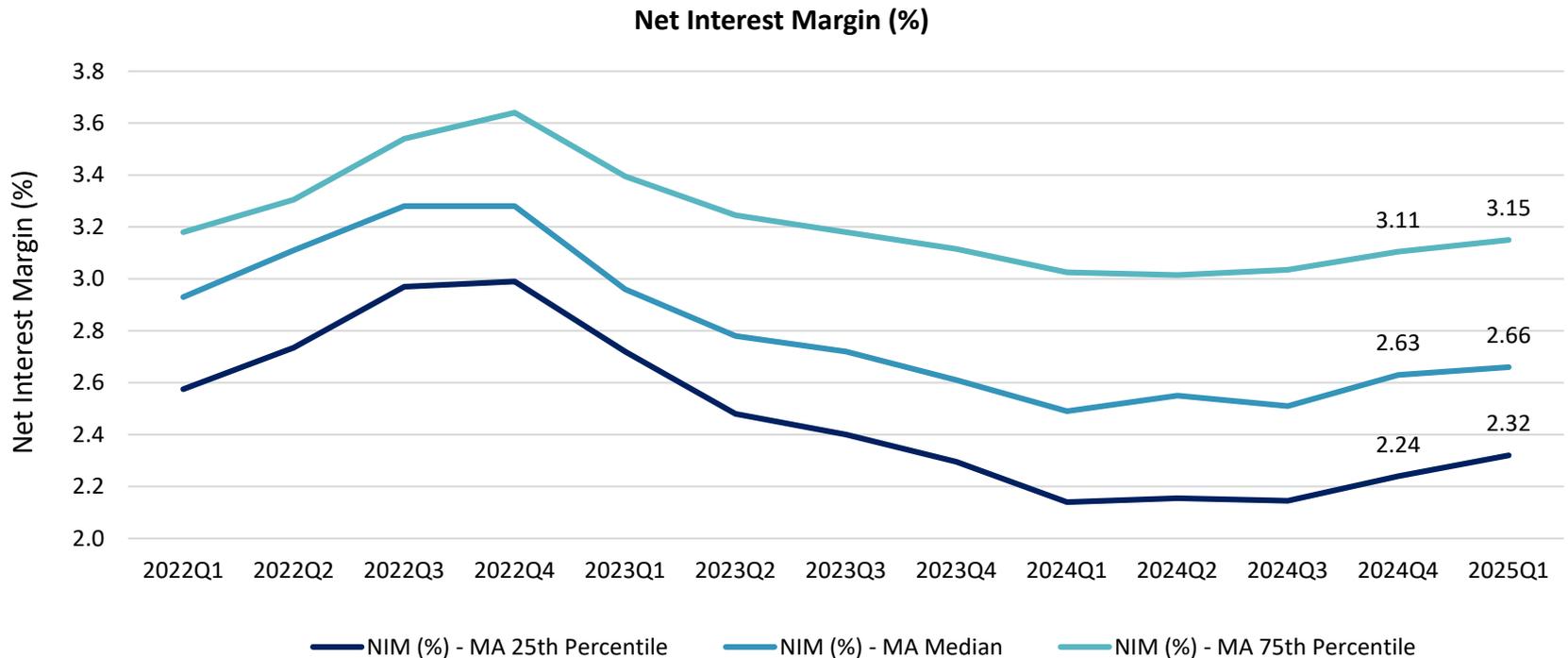


Source: The Kafarian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2025 and includes all active commercial banks, savings banks and savings & loan associations

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS (CONTINUED)

The net interest margin (NIM) 25th percentile, median, and 75th percentile for Massachusetts banks increased in Q1 2025 compared to Q4 2024.



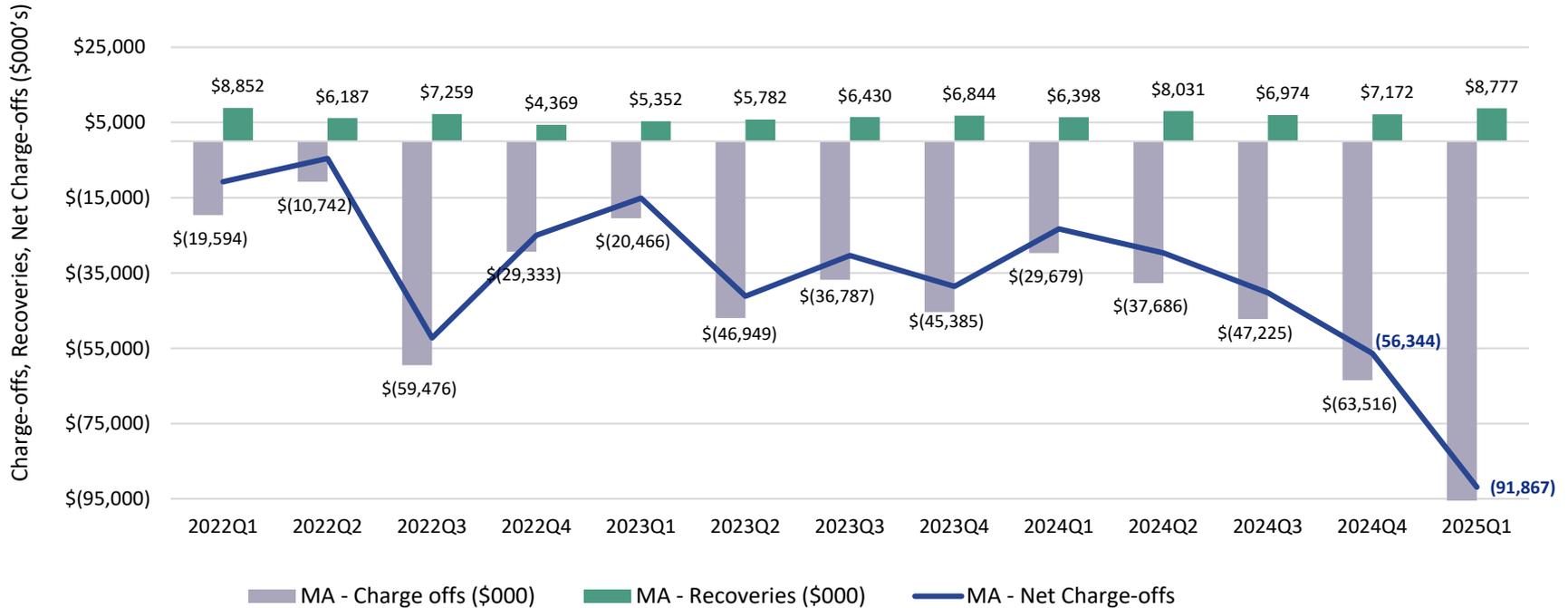
Source: The Kafarian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2025 and includes all active commercial banks, savings banks and savings & loan associations

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS (CONTINUED)

Net-charge offs in Q1 2025 decreased for all active Massachusetts banks.

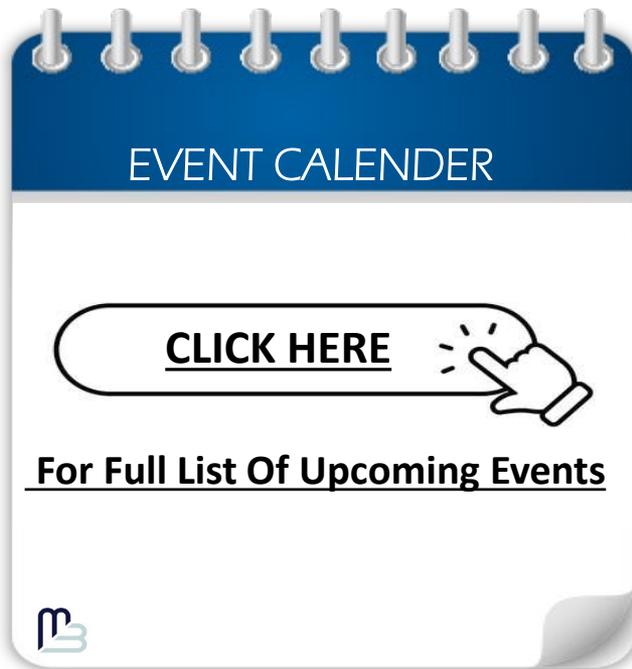
Massachusetts Aggregate Charge-offs and Recoveries



Source: The Kafarian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 3/31/2025 and includes all active commercial banks, savings banks and savings & loan associations in Massachusetts

MASSACHUSETTS BANKERS ASSOCIATION

UPCOMING EVENTS



- 3**
June 2025
2025 Flood Insurance Workshop
Compliance with flood insurance regulation should be easy, right? Join Carl Pry of Treliant Risk to review the regulatory requirements of flood insurance.
- 3**
June 2025
Virtual Call Report Preparation Workshop
3-half-day virtual workshop covering general call report preparation and related regulation. Reviews new, proposed, and revised changes for the current year.
- 11**
June 2025
Selecting Cost-Effective, Employee-Centered Benefit Plans Webinar
These webinars will equip benefit plan managers with strategies to select cost-effective medical and dental plans that align with their budget while meeting employee needs.
- 16**
June 2025
New Compliance Officer Workshop
If you are new to the Compliance Officer role and are struggling to develop your program, redesign your program or just trying keep up, this workshop is for you!
- 18**
June 2025
NESFS Review Session 2025
Review Session for the New England School for Financial Studies Class of 2026.
- 18**
June 2025
Human Resources Discussion Group
Join the Human Resources Discussion Group on the third Thursday of each month to connect with peers from fellow MBA member banks. These sessions focus on key HR topics, including compliance, employee benefits, recruiting, talent development, and more.
- 24**
June 2025
Today's Contacts > Tomorrow's Deposits: Strategies on Referrals and Increased Revenue
Join us to learn strategies and insights on how to choose the right events to attend, maximize your networking efforts, and develop an effective follow-up plan.
- 25**
June 2025
2025 Executive Officers Conference
This unique conference is specifically designed to provide small group discussions and networking opportunities for member bank CEOs to share ideas during these changing times. This conference is limited to bank CEOs and Presidents.

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

[Bank Transformation Unpacked: The Newtek Story Continues](#)

[Cannabis Banking in 2025](#)

[Crypto, Fintech, and other Non-Interest Income Drivers in 2025](#)

[Big Picture: The Future of Community Financial Institutions](#)



TKG Quarterly Perspectives

[The Secret Sauce to Bank Profitability](#)

[Stop It! Channeling Bob Newhart for Your New Year's Resolutions](#)

[Key Trends Shaping Community Banks: Insights from the Fall Banking Conference Season](#)

[Unlocking Data Analytics: The Critical Role of a Profitability Measurement System for 2024 and Beyond](#)

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