

STATE OF THE INDUSTRY: MASSACHUSETTS Q3 2025

Performance
Measurement



Strategic
Management



Profit & Process
Improvement



Management
Advisory



Financial
Advisory



DISCLOSURE STATEMENT

FORWARD LOOKING STATEMENTS

This presentation has been developed by TKG for the Massachusetts Bankers Association. The information contained in this presentation and attached exhibits, if any, have been obtained from sources that are believed to be reliable and is presented “as is”. TKG makes no representations or warranties as to the accuracy or completeness of the information and disclaims any and all liabilities from the use of this presentation. TKG does not have any obligation to update any component of this presentation as the data are only current as of the date of this presentation. The recipient of this presentation should not construe this information as advice relating to regulatory matters, accounting and tax practices, legal matters or as a recommendation to invest in or purchase any form of investment security.

Source: The Kafafian Group, Inc.

MASSACHUSETTS BANKERS ASSOCIATION QUARTERLY UPDATE

SUMMARY OF KEY THEMES

1

As of September 30, 2025, there was a 56.41% probability that the target fed funds rate would be 350-375bps for the January 2026 meeting. As of December 11, 2025, the probabilities for the January 2026 meeting indicates a 73.88% chance of the target fed funds rate being 350-375bps, suggesting no immediate rate cuts in early 2026.

2

In Q2 2025, the median net interest margin (NIM) for U.S. banks was 3.63%, which increased slightly to 3.72% in Q3 2025. For banks in Massachusetts, the NIM increased from 2.75% in Q2 2025 to 2.88% in Q2 2025, reflecting continued stabilization in deposits and decreasing deposit costs.

3

S&P Global Market Intelligence's Economic Outlook projects that unemployment will rise to 4.5% in 2026 before slightly improving, and that GDP growth will increase from 0.5% in 2025 to 1.7% by 2029, reflecting a gradual cooling of the U.S. economy over the forecast period. Both the federal funds rate and the 10-year Treasury yield are expected to decline as monetary policy continues to ease.

4

The State Treasurer's Office of Economic Empowerment, alongside the Office of Consumer Affairs and Business Regulation and the Division of Banks, announced the 2025 Operation Money Wise grant recipients, supporting financial education and empowerment initiatives for military personnel, veterans, and their families.

5

According to the 2025 Bank Director Technology Survey, banks are increasingly integrating AI, with respondents reporting steps such as drafting AI acceptable-use policies (66%), experimenting with limited AI use cases (62%), and training employees on AI-enabled fraud risks (53%). The survey highlights how institutions are using data and emerging technologies to shape decision-making and strengthen security.

Note: Some September data may be unavailable due to the Government shut down from October 1, 2025 to November 12, 2025.*

Source: The Kafafian Group, Inc.

ECONOMIC SNAPSHOT

EMPLOYMENT & HOUSING

EMPLOYMENT	Measure				Change from	Change from
		Sep-25	Aug-25	Jul-25	Prior Month (%) or actual change	Prior Year (%) or actual change
1 Unemployment Rate (National Seasonally Adj)	%	4.4	4.3	4.2	0.10	0.30
2 Unemployment Rate in Massachusetts (Not Seasonally Adj)	%	NA	4.7	4.8	-0.10	0.90
3 All Employees, Total Nonfarm	000's	159,626	159,507	159,511	0.07%	1,312
4 Labor Force Participation Rate	%	62.4	62.3	62.2	0.00	(0.30)
		9/27/2025	8/30/2025	7/26/2025		
5 Initial Claims (Weekly)		224,000	236,000	219,000	-5.08%	-1.32%

HOUSING	Measure				Change from	Change from
		Sep-25	Aug-25	Jul-25	Prior Month (%) or actual change	Prior Year (%) or actual change
6 S&P/Case-Shiller U.S. National Home Price Index		328.9	329.8	331.0	-0.27%	1.29%
7 S&P/Case-Shiller MA-Boston Home Price Index		350.1	348.9	347.8	0.34%	4.15%
8 Housing Affordability Index		104.5	100.6	97.9	2.76%	-0.29%
9 New Privately-Owned Housing Units Started: Single-Family Units	000's	NA	890	957	-7.00%	-14.67%
10 New Privately-Owned Housing Units Started: Single-Family Units in the Northeast Census Region	000's	NA	74.0	52.0	42.31%	-21.28%
11 30-Year Fixed Rate Mortgage Average in the United States	%	6.35	6.59	6.72	-3.64%	2.75%
		3Q2025	2Q2025	1Q2025		
12 Delinquency Rate on Single-Family Residential Mortgages	%	1.78	1.78	1.78	0.00%	2.30%

Note*: September data may be unavailable due to the Government shut down from October 1, 2025 to November 12, 2025.

Source: The Kafafian Group, Inc. analysis of data provided by the Federal Reserve Bank of St. Louis, data where available as of 9/30/2025

ECONOMIC SNAPSHOT

MARKET/RATES, CONSUMER, & PRODUCTION/PRICES

MARKET/RATES (End of Period)	Measure	Sep-25	Aug-25	Jul-25	Change from	Change from
					Prior Month (%) or actual change	Prior Year (%) or actual change
1 S&P 500		6,688.5	6,460.3	6,339.4	3.53%	18.41%
2 Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis	%	4.12	4.26	4.39	-3.29%	0.40
3 Bank Prime Loan Rate	%	7.38	7.50	7.50	-1.60%	(0.92)
4 Federal Funds Effective Rate	%	4.22	4.33	4.33	-2.54%	(0.91)

CONSUMER	Measure	Sep-25	Aug-25	Jul-25	Change from	Change from
					Prior Month (%) or actual change	Prior Year (%) or actual change
5 Personal Consumption Expenditures: Chain-type Price Index		NA	127.3	126.9	0.26%	2.51%
6 Retail Sales: Excluding Motor Vehicle and Parts	\$mil	593,905	592,282	588,742	0.27%	3.78%
7 University of Michigan: Consumer Sentiment		55.10	58.20	61.70	-5.33%	-21.40%
8 Personal Saving Rate	%	NA	4.60	4.80	-4.17%	-4.17%

PRODUCTION/PRICES	Measure	Sep-25	Aug-25	Jul-25	Change from	Change from
					Prior Month (%) or actual change	Prior Year (%) or actual change
9 Consumer Price Index		324.37	323.36	322.13	0.31%	3.02%
10 ISM Manufacturing: PMI		49.10	48.70	48.00	0.01	1.90
11 ISM Services: PMI		50.00	52.00	50.10	(0.04)	(1.50)
		3Q2025	2Q2025	1Q2025		
12 Gross Domestic Product (Change from Prior, annualized rate)	%	NA	2.08	2.02	0.06	(0.71)

Note: September data may be unavailable due to the Government shut down from October 1, 2025 to November 12, 2025.*

Source: The Kafafian Group, Inc. analysis of data provided by the Federal Reserve Bank of St. Louis, data where available as of 9/30/2025

STATE ECONOMIC TRENDS

NEW ENGLAND REGIONAL ECONOMIC TRENDS

The below highlights unemployment rate and salary trends in New England from April 2025 through August 2025. Massachusetts had the second-highest increase in 12-month percentage change in Finance Activities Wage and Salary Employment in the New England region during the five-month period.

Unemployment Rate %					
State	Apr2025	May2025	Jun2025	Jul2025	Aug2025
1 Massachusetts	4.60	5.20	4.80	4.80	4.70
2 Connecticut	3.40	3.90	3.40	4.20	3.80
3 Rhode Island	4.40	4.50	4.30	4.70	4.50
4 New Hampshire	2.90	2.80	2.90	3.10	3.00
5 Vermont	2.70	2.20	2.40	2.50	2.60
6 Maine	3.40	3.30	2.60	2.80	2.90
Nonfarm Wage and Salary Employment 12 Month % Change					
State	Apr2025	May2025	Jun2025	Jul2025	Aug2025
7 Massachusetts	0.20	0.10	0.10	0.30	0.20
8 Connecticut	0.60	0.20	0.40	0.60	0.70
9 Rhode Island	0.80	0.70	(0.10)	0.30	0.30
10 New Hampshire	1.10	1.70	0.70	0.60	-
11 Vermont	0.90	0.90	0.90	0.60	0.30
12 Maine	0.50	-	0.10	(0.20)	(0.30)
Finance Activities Wage and Salary Employment 12 Month % Change					
State	Apr2025	May2025	Jun2025	Jul2025	Aug2025
13 Massachusetts	1.10	1.50	0.70	1.00	1.20
14 Connecticut	1.40	1.30	1.10	1.90	2.10
15 Rhode Island	(0.30)	(0.30)	(1.40)	(1.40)	(1.40)
16 New Hampshire	0.90	0.30	0.30	-	0.60
17 Vermont	(1.70)	(0.90)	(1.70)	0.90	-
18 Maine	(0.40)	-	0.40	0.80	0.80

Note*: September data may be unavailable due to the Government shut down from October 1, 2025 to November 12, 2025.

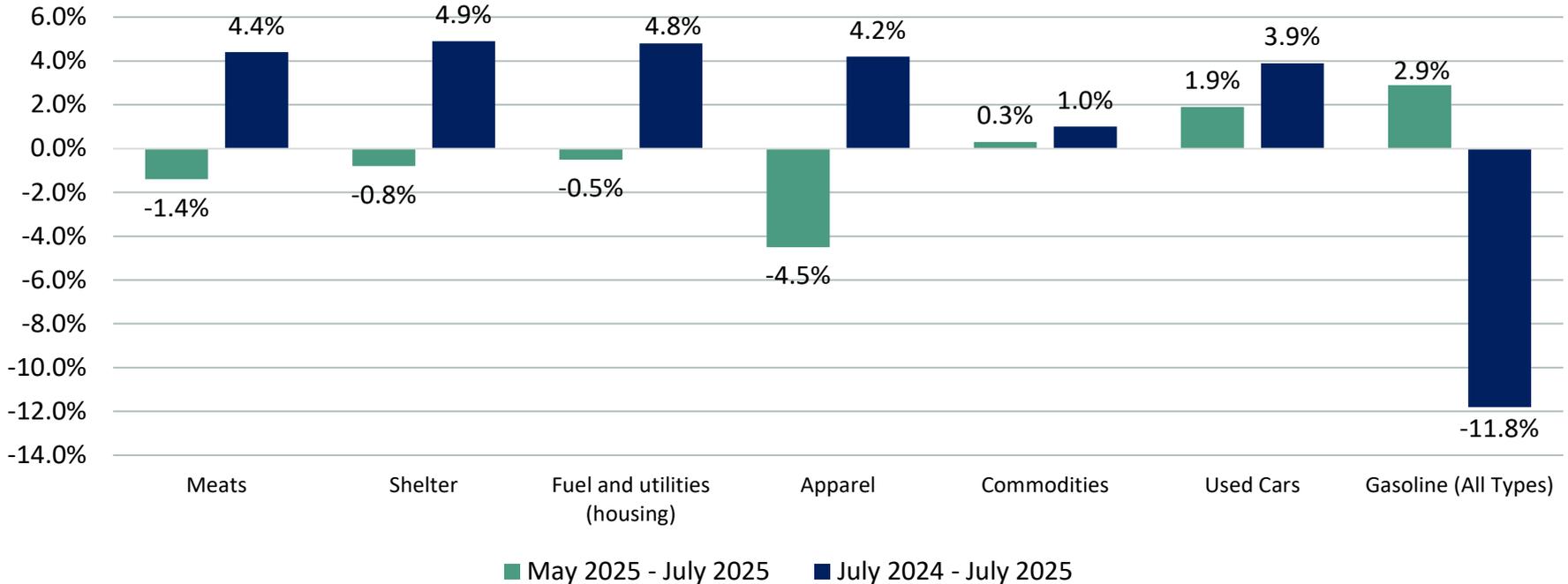
Source: Bureau of Labor Statistics

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 July 2024 and July 2025 as well as the cost increase between May 2025 and July 2025. Inflation has slightly increased in most categories relative to one year ago. The cost of gasoline in the Boston-Cambridge-Newton Metropolitan area increased 2.9% from May 2025 and decreased significantly from July 2024 by 11.8%.

Select Consumer Price Index Metrics:
Boston-Cambridge-Newton



Note*: September data may be unavailable due to the Government shut down from October 1, 2025 to November 12, 2025.

Source: Bureau of Labor Statistics, eia.gov

INTEREST RATE ENVIRONMENT

CHICAGO MERCANTILE EXCHANGE INC. (CME GROUP) FEDWATCH TOOL

As of December 31, 2024, there was a 16.94% probability of rates being 350-375bps for the January 2026 meeting, by quarter end Q1 2025 that probability increased to 32.45%. As of June 30, 2025, the probability of rates being 350-375bps increased to 41.43% for the January 28, 2026 meeting. The Federal Reserve lowered the federal funds rate to 400-425 bps on September 17, 2025, an additional rate cut of 25bps to 375-400bps on October 29, 2025, and again by 25bps to 350-375bps on December 10, 2025. As of September 30, 2025, the probabilities for the January 2026 meeting indicated a 56.41% probability of a target fed funds rate of 350-375bps. As of December 11, 2025, the probabilities for the January 2026 meeting indicate the probability of a target fed funds rate of 350-375bps is 73.88%, indicating that the Fed will pause rate cuts in early 2026.

MEETING PROBABILITIES(%)								
MEETING DATE	175-200	200-225	225-250	250-275	275-300	300-325	325-350	350-375
1/28/2026	0.0	0.0	0.0	0.0	0.0	0.0	24.4	75.6
3/18/2026	0.0	0.0	0.0	0.0	0.0	7.6	40.4	52.0
4/29/2026	0.0	0.0	0.0	0.0	1.6	14.4	42.8	41.2
6/17/2026	0.0	0.0	0.0	0.8	8.0	28.7	42.0	20.5
7/29/2026	0.0	0.0	0.2	2.8	13.8	32.4	36.0	14.8
9/16/2026	0.0	0.1	1.1	6.4	19.8	33.6	29.1	10.0
10/28/2026	0.0	0.2	1.8	8.2	21.7	33.0	26.6	8.6
12/9/2026	0.0	0.5	2.8	10.4	23.5	31.9	23.7	7.2
1/27/2027	0.0	0.5	2.8	10.3	23.3	31.8	23.8	7.4

Source: CME Group. Data as of 12/11/2025

CREDIT CONDITIONS

POTENTIAL FOR CONTINUOUS IMPROVEMENT OF CREDIT MARKET CONDITIONS IN 2026?

- In the third quarter of 2025, the headline credit index increased 2.3 points to 34.4, mildly improving after three consecutive declines. The sub-50 level indicates that overall credit conditions will weaken throughout the rest of 2025 and into 2026. The consumer credit index increased 8.9 points to 37.5 in Q3. With this increase, many bank economists expect that credit conditions will hold steady in 2026. The business credit index decreased 4.4 points to 31.3 in Q3, suggesting business credit availability may either deteriorate or hold steady over the next six months.
- The ABA Credit Conditions Index remained below the neutral threshold of 50 for the third consecutive quarter. This has led bank economists to expect credit conditions to tighten at the end of 2025 and into 2026. The Fed cut interest rates by 100bps in 2024 and has cut interest rates by 50bps thus far in 2025. Despite sub-neutral threshold credit conditions, Economic Advisory Council (“EAC”) economists believe there is a strong labor market, positive spending growth, and improving inflation data. The EAC economists estimate a 27.5% probability of a recession but forecast a “paused growth” scenario as the most realistic outcome. Despite the credit conditions pullback, bank economists continue to expect positive job growth, low unemployment, and decent economic growth for the remainder of 2025 and into 2026.



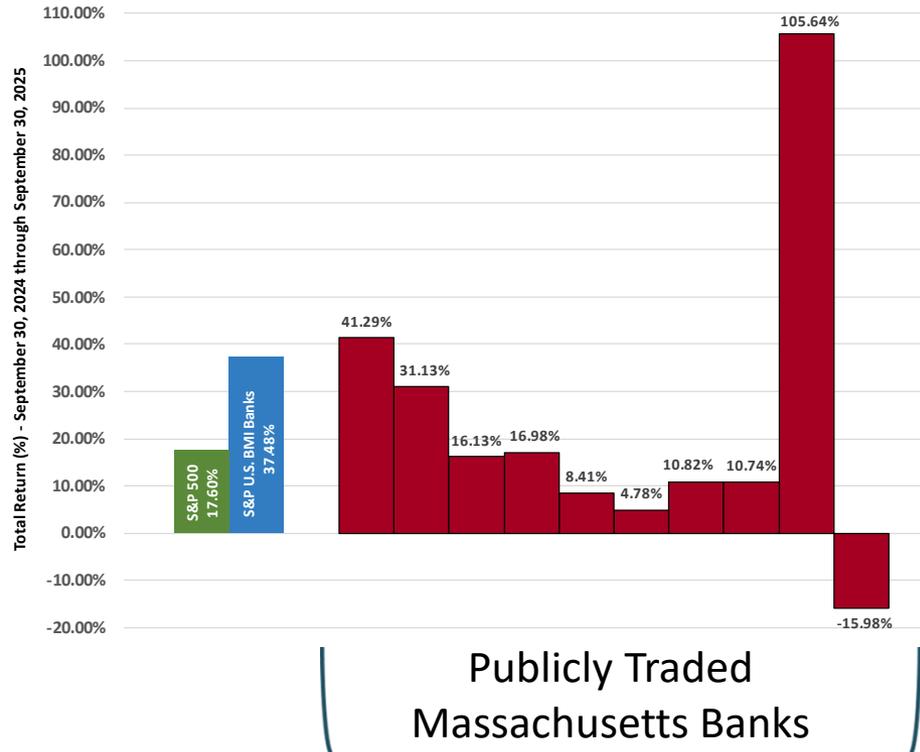
Note: Above the 50 level indicates stronger and improving credit conditions (shaded green), below the 50 level indicates weaker and underperforming credit conditions (shaded red).

Source: ABA Credit Conditions Index 9/25/2025

ONE YEAR TOTAL RETURN

SEPTEMBER 30, 2024 THROUGH SEPTEMBER 30, 2025

The median total return for publicly traded Massachusetts headquartered banks was 13.48%, while the S&P U.S. BMI Banks Index was 37.48% and the S&P 500 was 17.60%.

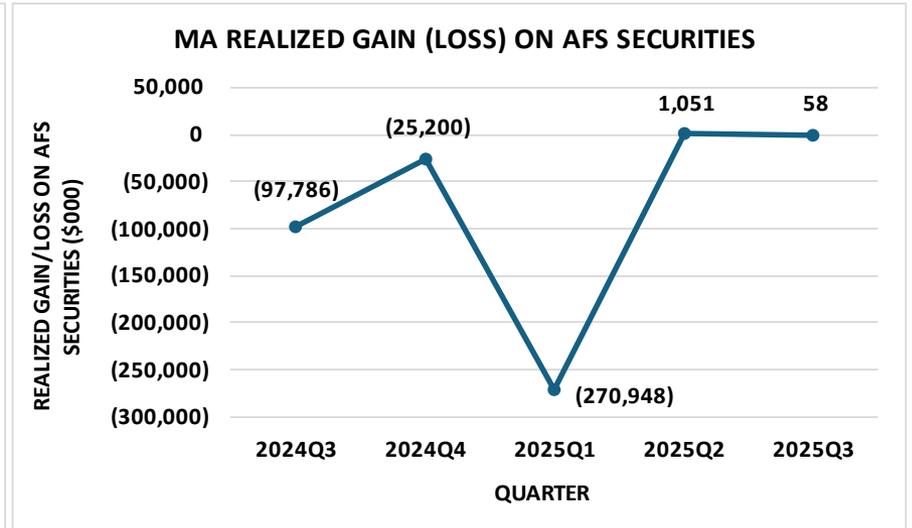
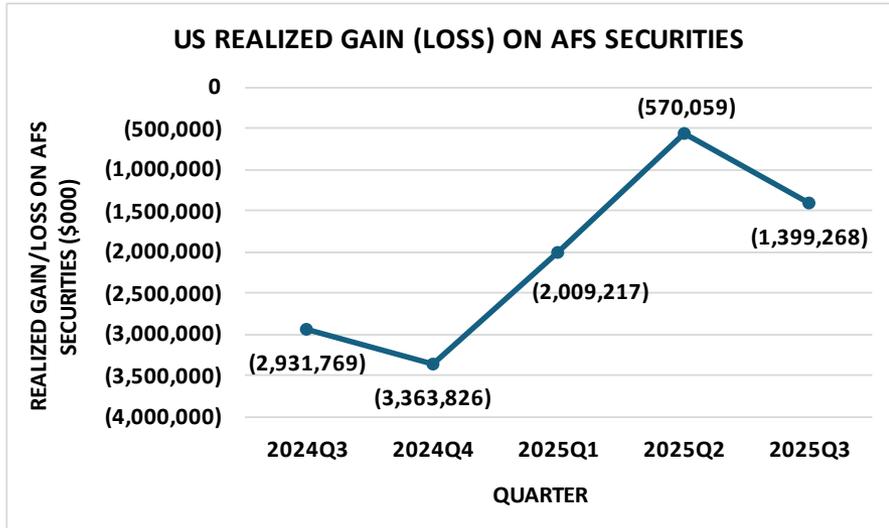


Source: The Kafafian Group, Inc. and S&P Capital IQ Pro data as of 12/1/2025

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 Q3 2024 to Q3 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 3rd quarter of 2025 shows a 52.27% year-over-year 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 portfolios with higher-yielding securities to build future earnings. Massachusetts saw a gain in realized losses on AFS securities in Q2 2025 and Q3 2025, showing the positive impact of the falling interest rate environment supplemented with security portfolio restructuring among Massachusetts institutions.

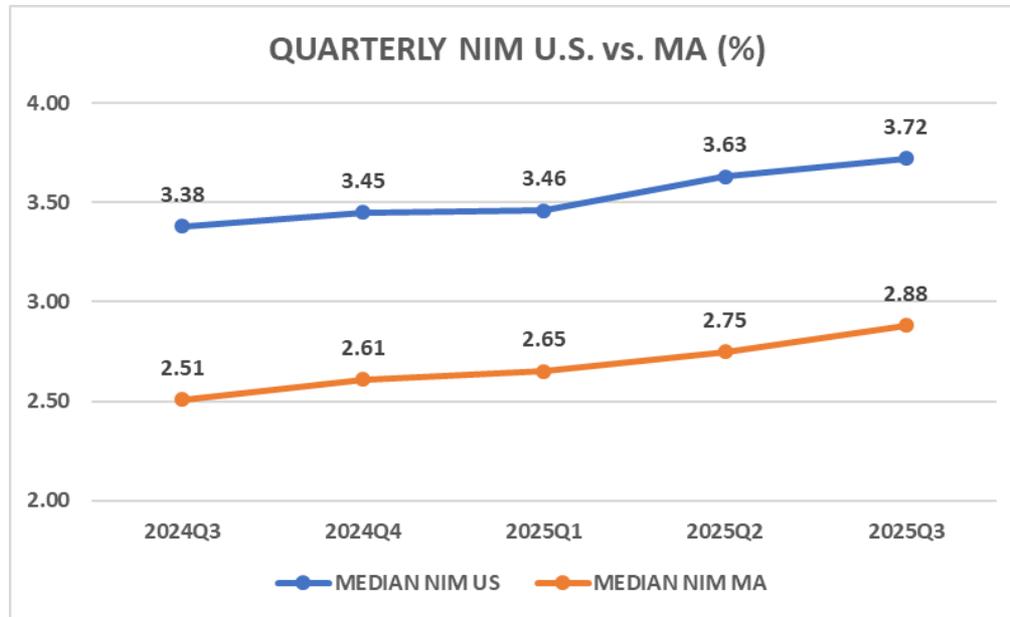


Source: S&P Capital IQ Pro, American Banker

NET INTEREST MARGIN ENVIRONMENT

U.S. VS MASSACHUSETTS (QUARTERLY UPDATE)

Lower borrowing costs following recent interest rate cuts have continued to support rising net interest margins (NIM) for banks both nationally and in Massachusetts, showing steady quarter-over-quarter increases from Q3 2024 through Q3 2025. National median NIM rose from 3.38% in Q3 2024 to 3.72% in Q3 2025, while Massachusetts banks saw an increase from 2.51% to 2.88% over the same period, reflecting ongoing stabilization in funding costs and gradual improvement in lending conditions.



Source: S&P Capital IQ Pro

BEACON HILL UPDATE

2025-2026 LEGISLATIVE SESSION

2026 will mark the start of the second year of the two-year legislative session and ushers in another busy time of year for our advocacy efforts. The Association is monitoring over 450 bills that impact the banking industry. To date, the Association has weighed in on over 100 pieces of legislation during the 2025-2026 Legislative Session. You can read our testimony on our website, which is updated frequently. The webpage can be found here: [Testimony](#).

Financial Literacy Education Progressing Forward

On December 1, 2025, Governor Maura Healey announced a [new framework for high school graduation requirements](#) that, among others, calls for developing financial literacy skills. The framework comes as part of the recommendations released by the K-12 Statewide Graduation Council that Governor Healey formed earlier this year. MBA President & CEO, Kathleen Murphy and Brad Papalardo, MBA Executive Vice President, Chief of Government Affairs & General Counsel, were invited by the Governor to attend the event -- with Kathleen taking the stage alongside the Governor, Lieutenant Governor Driscoll, Secretary of Education Tutwiler and other business leaders -- for the unveiling of this important educational announcement.

As you are aware, financial literacy education in Massachusetts schools has been a longtime advocacy priority for the Association. We are pleased to see Governor Healey's commitment to requiring financial literacy education be among the recommendations for this new framework and look forward to supporting the Governor and the Council as they continue to build upon their plan.



This announcement follows the recent efforts of the Massachusetts House of Representatives where legislation requiring every school district, beginning in the 2026-2027 school year, to provide personal financial literacy instruction for middle and high school students, passed unanimously. The legislation is currently before the Massachusetts Senate.

We look forward to continued collaboration with the Governor's Administration, the Legislature and all stakeholders as financial literacy education is implemented throughout Massachusetts schools.

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

OUTLOOK 26: THE NEW ENGLAND ECONOMIC FORUM

JANUARY 16, 2026

- The Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont Bankers Associations are proud to announce the inaugural New England Economic Forum, “Outlook 26,” – a premier gathering of bank leaders and their most valued commercial clients. Bankers from New England are cordially invited to join us for a high-impact program that will deliver the insights bank executives need to prepare for the opportunities and challenges ahead in 2026.
- The Honorable Michelle W. Bowman, Vice Chair for Supervision (VCS), Federal Reserve Board will give the Keynote Address and share her perspective on the national economy, banking priorities, and issues shaping the business community.
- Dr. Anirban Basu, Chairman & CEO, Sage Policy Group, widely recognized for his dynamic presentations, will deliver a high-energy overview of the U.S. and New England economies before moderating a panel discussion with three economists from leading regional and national banks.

For more information on Outlook 26 scan the QR code below or click here.



Source: Massachusetts Bankers Association

FED OUTLOOK

GRADUAL EASING AHEAD

S&P Global Market Intelligence projects a gradual economic cooling through 2029, with unemployment rising to around 4.5% before easing slightly. GDP growth is expected to recover modestly from 0.5% in 2025 to around 1.7% by the end of the forecast period. Both the federal funds rate and 10-year Treasury yield are anticipated to decline, reflecting continued monetary policy easing.

Fed expected to ease further (%)						
	Q2'25A	2025P	2026P	2027P	2028P	2029P
Unemployment rate	4.18	4.24	4.50	4.50	4.47	4.36
GDP growth	0.50	0.74	1.67	1.57	1.80	1.72
Fed funds	4.33	4.26	3.47	3.13	3.13	3.13
10-year Treasury	4.36	3.95	3.67	3.64	3.67	3.70

Data compiled Oct. 13, 2025.

Data for the federal funds rate, 10-year Treasury yield, unemployment rate and GDP are based on 4-point averages of estimates.

Actual reported data used when available.

Source: S&P capital IQ Pro, 10/13/2025

STATE AGENCIES ANNOUNCE RECIPIENTS OF FINANCIAL EDUCATION GRANT

VETERAN-SERVING INSTITUTIONS

The State Treasurer’s Office of Economic Empowerment (OEE), the Office of Consumer Affairs and Business Regulation, and the Division of Banks (DOB) announced the 2025 Operation Money Wise grant recipients.

Key Takeaways

- The program promotes financial education for nonprofit organizations, public agencies, and higher education institutions serving the military community in Massachusetts.
- Six organizations each received \$5,000 to create or improve financial education programs.
- Funding is made possible through DOB settlements over alleged unlawful lending practices.
- Since 2016, Operation Money Wise has awarded over \$270,000 to support financial literacy, budgeting, debt management, and retirement planning for veterans and servicemembers.



Program impact

- Total Funding Since Inception: \$270,000+
- Supports: Nonprofits, public agencies, and higher

Focus Areas

- Budgeting and money management
- Managing debt
- Retirement preparation
- Financial decision-making

Grantee	City/Town
Aging Services of North Central Massachusetts	Leominster
Bridgewater State University	Bridgewater
Falmouth Community Veterans Center	Falmouth
North Shore Community College	Danvers
Springfield Partners for Community Action	Springfield
Veterans Legal Services	Boston

Source: Mass.gov, 8/5/2025

2025 TECHNOLOGY SURVEY

BANK DIRECTOR'S PUBLICATION

The 2025 Bank Director Technology Survey offers insights into how financial institutions are shaping their decision-making, leveraging data, and implementing artificial intelligence. Below are the key takeaways from the report.

Acting on AI

- Some respondents say their bank has taken some initial steps in response to the growing prevalence of artificial intelligence technologies, including drafting an acceptable use policy for AI (66%) and experimenting with AI in limited use cases (62%), and educating employees about the threat of AI-enabled fraud (53%).

Stablecoin Impact

- Just over half of bank executives and directors say they are slightly concerned about the impact of stablecoins on deposit competition and 19% are moderately concerned; a quarter are not concerned at all. Looking at the broader competitive landscape, 60% identify local banks and/or credit unions as their greatest threat, followed by big or superregional banks (53%) and fintech companies that offer a range of products, such as Paypal or Block (44%).

A Defanged CFPB?

- The Trump administration ordered the Consumer Financial Protection Bureau to halt much of its work early this year, and the bureau indicated in an April 2025 memo that it would focus enforcement efforts more on depository institutions than on nonbanks and fintech firms. Sixty-two percent of respondents say this would negatively impact banks' ability to compete.

How Decisions Are Made

- More than half (54%) say that a management-level team or steering committee has final approval of technology investments, while 48% say a C-level executive, other than the CIO or CTO, has that authority. Just over a quarter say their board is directly involved in major technology investment decisions.

Measuring Up

- Just 18% of survey respondents say their bank measures return on investment for its technology projects, while 68% do not. Among the 33% of respondents who believe their bank does not allocate sufficient resources to technology and innovation, a lack of clear metrics to understand the ROI of tech investments is cited as the primary shortcoming.

Not Meeting Targets

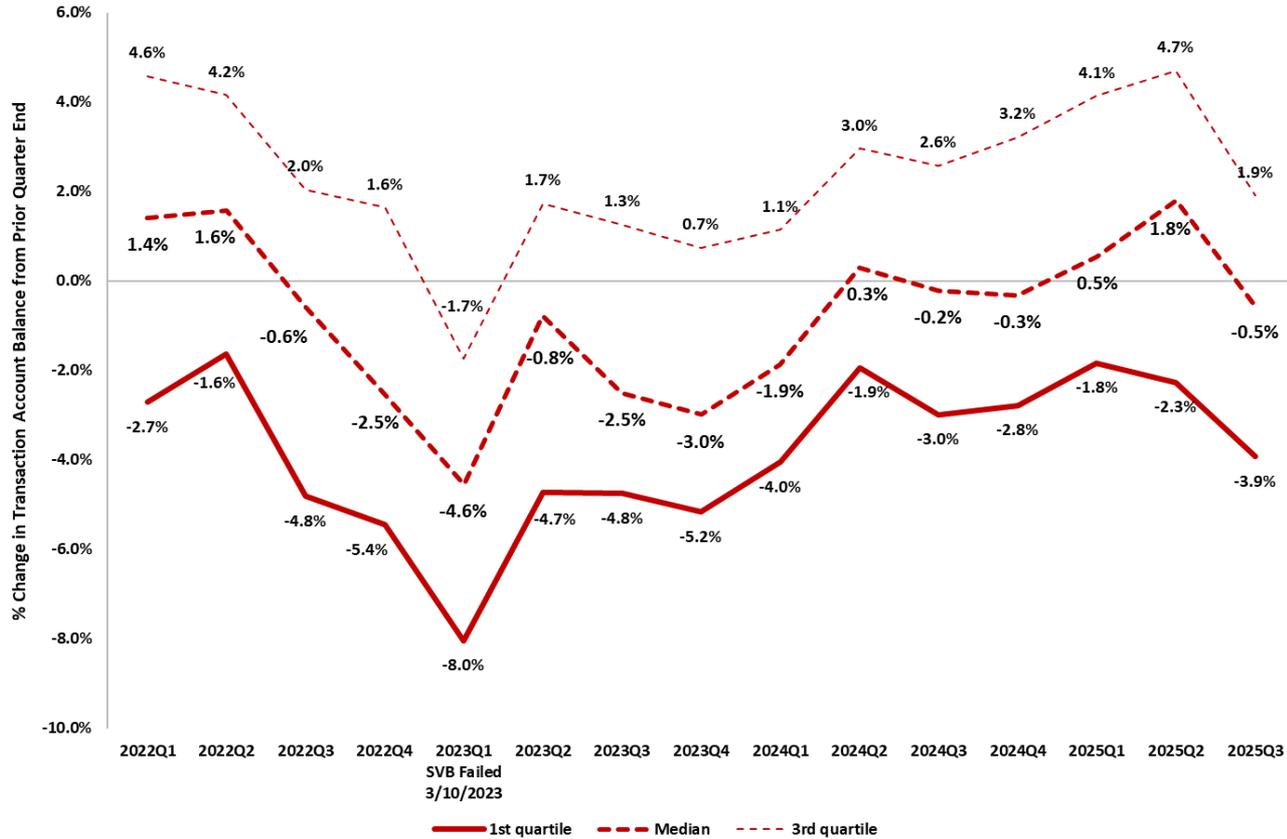
- Fifty-six percent of bank executives and directors say their organization sets clear objectives for technology initiatives and investments. Of those respondents, 41% say a tech initiative has fallen short of the objectives set for it sometime in the past 18 months.



Source: Bank Director & Jack Henry, 9/15/2025

CHANGE IN TRANSACTION ACCOUNT BALANCE

MASSACHUSETTS BANKS & SAVINGS BANKS



Source: S&P Capital IQ Pro

THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

THIRD QUARTER OF 2025 RESULTS (AGGREGATE)

96 MA Institutions*
4,627 Total U.S. Institutions**

0.77% of the U.S. Banking Industry's Total Assets

1.26% of the U.S. Banking Industry's Total Loans

Net Interest Margin

MA: 3.25% up from 2.93% in Q2
U.S.: 3.29% up from 3.21% in Q2

Returns

MA: ROAA of 1.02% down from 1.09% in Q2, ROAE of 8.61% down from 9.09% in Q2
U.S.: ROAA of 1.27% up from 1.14% in Q2, ROAE of 12.39% up from 11.21% in Q2

Capital Levels

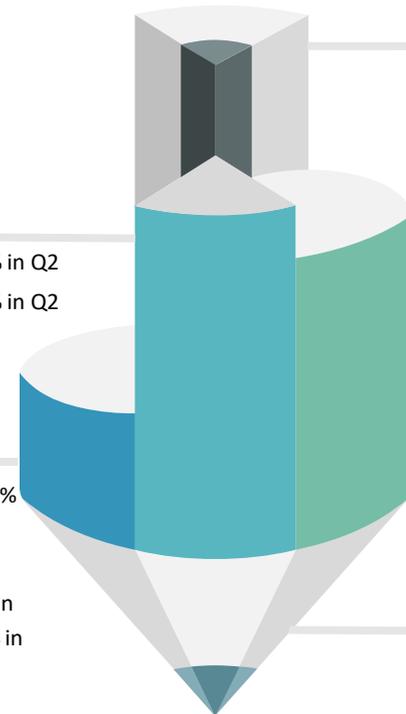
MA: Leverage Ratio of 11.51% up from 11.33% in Q2
U.S.: Leverage Ratio of 9.40% down from 9.44% in Q2

Credit Quality

MA: Net charge-offs to average loans of 0.17% up from 0.09% in Q2
U.S.: Net charge-offs to average loans of 0.62% up from 0.61% in Q2

Q2 2025 Percent of Unprofitable Institutions

MA: 8.33%
U.S.: 4.67%



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

**All FDIC call report filers

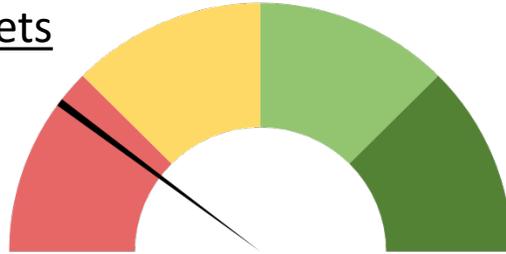
Source: The Kafarian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 9/30/2025 and includes all active commercial banks, savings banks and savings & loan associations

THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

RECENT PERFORMANCE: SELECT PROFITABILITY RATIOS (MEDIAN)

*Return On Avg. Assets

MA Median: 0.67%
U.S. Median: 1.13%

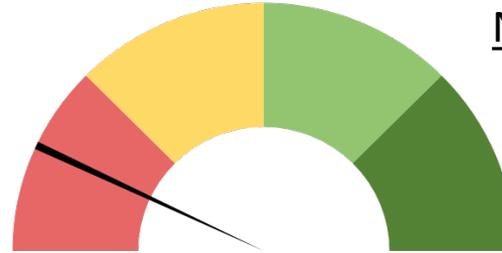


MA's **Median** ROAA ranks among the **20th** percentile Nationwide

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

Net Interest Margin

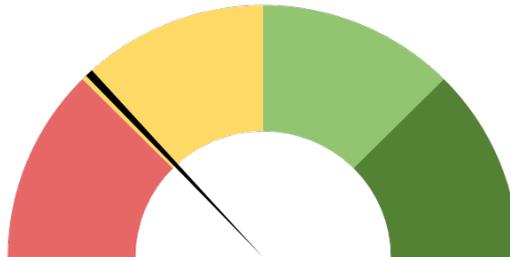
MA Median: 2.88%
U.S. Median: 3.72%



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

Efficiency Ratio

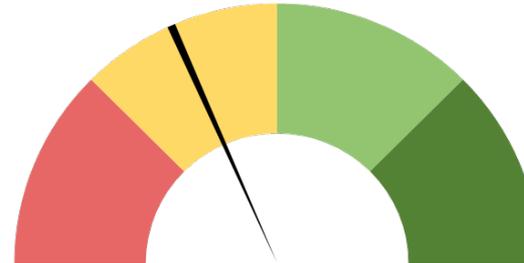
MA Median: 71.68%
U.S. Median: 61.69%



MA's **Median** Efficiency Ratio ranks among the **26st** percentile Nationwide

Cost of Funds

MA Median: 2.24%
U.S. Median: 1.99%



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

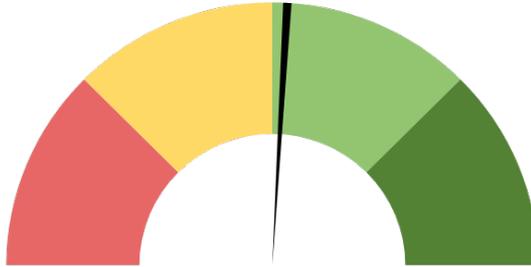
Source: The Kafafian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 9/30/2025 and includes active commercial banks, savings banks and savings & loan associations

THE U.S. BANKING INDUSTRY VS MASSACHUSETTS BANKS

RECENT PERFORMANCE: SELECT BALANCE SHEET RATIOS (MEDIAN)

NPA/Assets

MA Median: 0.31%
U.S. Median: 0.32%



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

Tier 1 Leverage

MA Median: 10.64%
U.S. Median: 10.91%



MA's **Median** Tier 1 Leverage Ratio ranks among the **45th** percentile Nationwide

*CRE/Loans

MA Median: 29.76%
U.S. Median: 24.14%

**non-owner occupied*



MA's **Median** Total CRE/Loans ratio ranks among the **61st** percentile Nationwide

Loans/Deposits

MA Median: 95.38%
U.S. Median: 80.86%



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

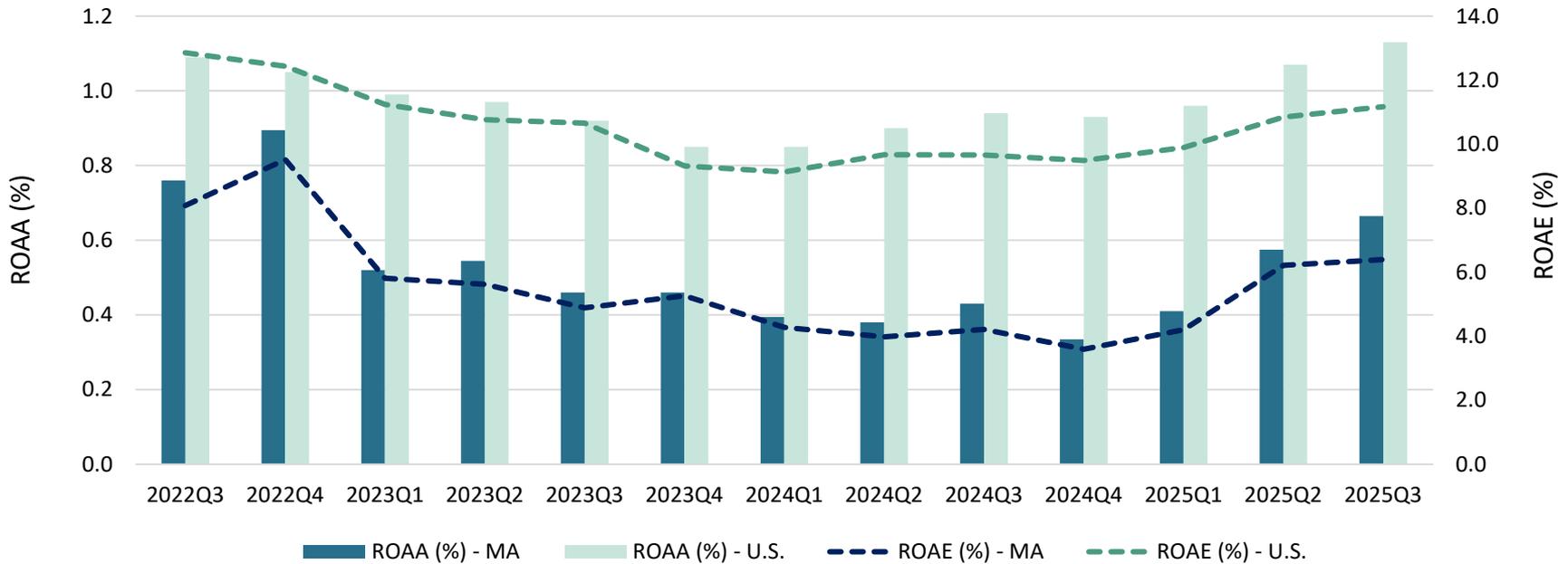
Source: The Kafarian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 9/30/2025 and includes active commercial banks, savings banks and savings & loan associations

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS (MEDIAN)

In Q3 2025, both return on average assets (ROAA) and return on average equity (ROAE) increased for banks in Massachusetts as well as nationwide.

Profitability Highlights (Median %)

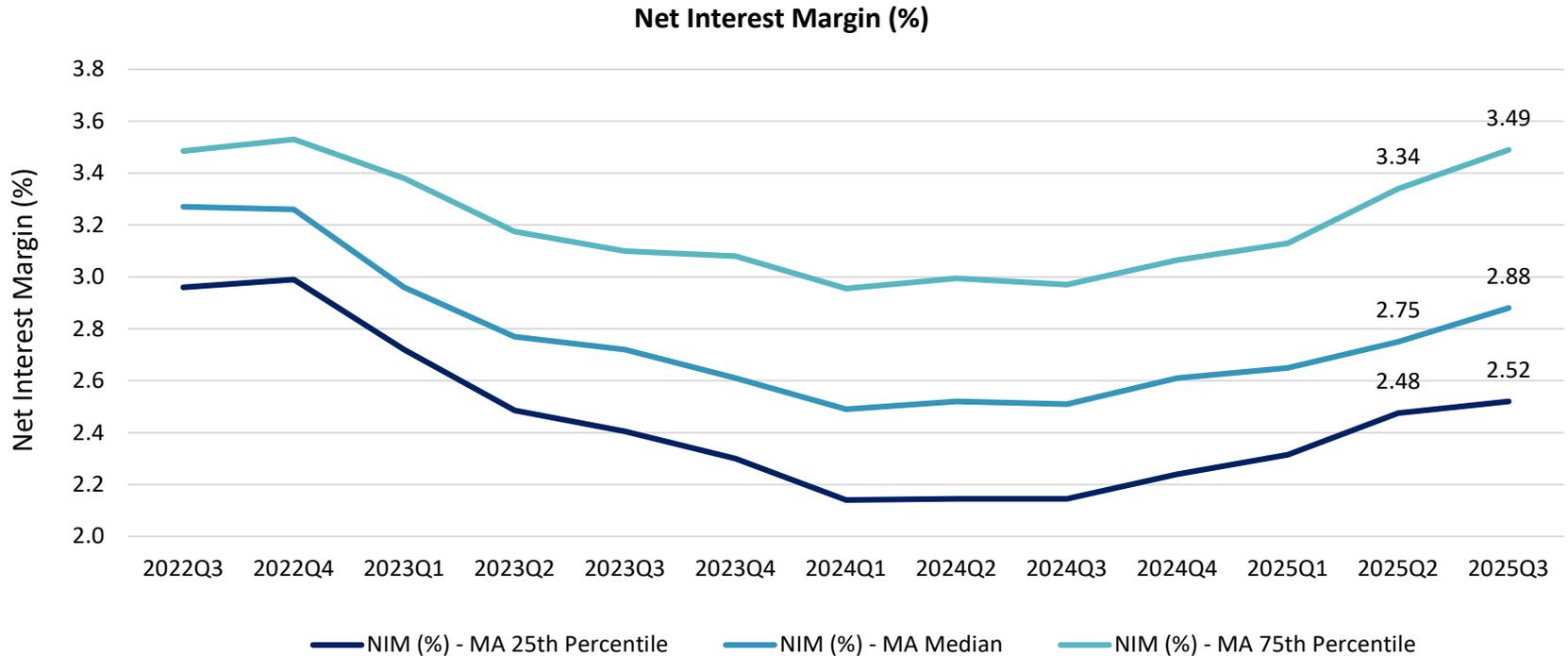


Source: The Kafafian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 9/30/2025 and includes all active commercial banks, savings banks and savings & loan associations

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS (CONTINUED)

The net interest margin (NIM) 25th percentile, median, and 75th percentile for Massachusetts banks increased in Q3 2025 compared to Q2 2025.

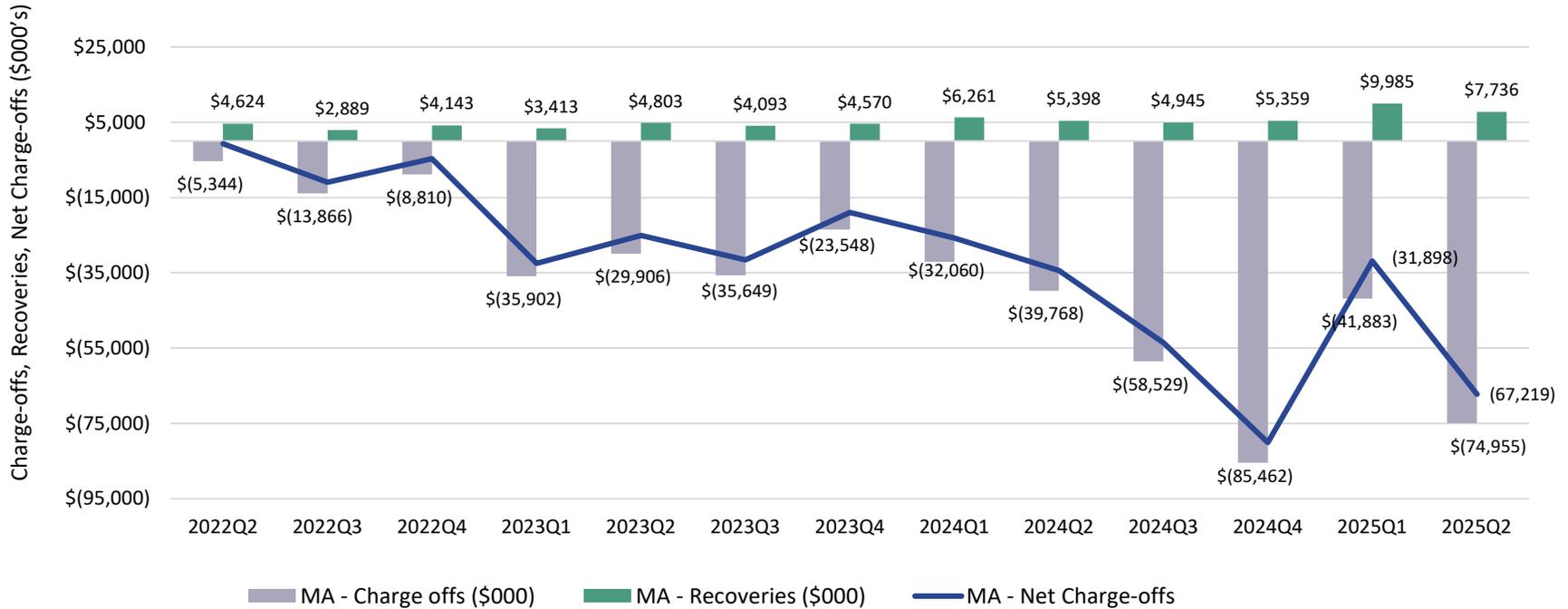


Source: The Kafafian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 9/30/2025 and includes all active commercial banks, savings banks and savings & loan associations

MASSACHUSETTS BANKS PERFORMANCE

RECENT TRENDS (CONTINUED)

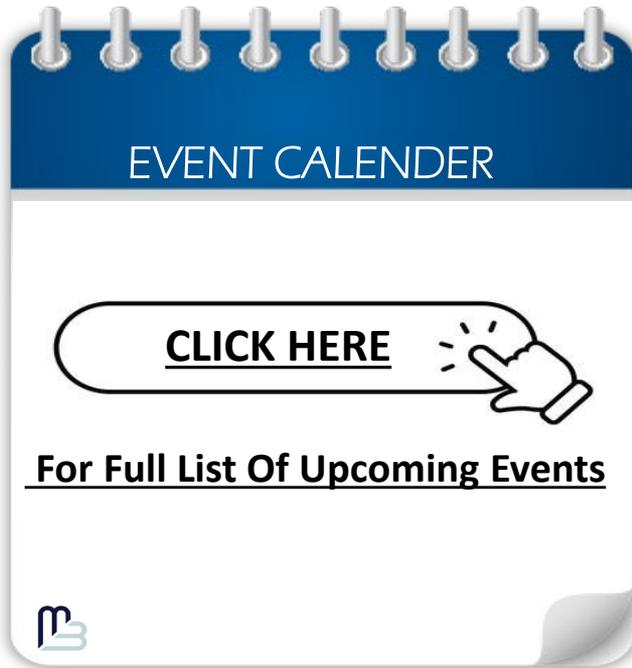
Massachusetts Aggregate Charge-offs and Recoveries



Source: The Kafarian Group, Inc. and S&P Capital IQ Pro. Data for the quarter ended 9/30/2025 and includes all active commercial banks, savings banks and savings & loan associations in Massachusetts

MASSACHUSETTS BANKERS ASSOCIATION

UPCOMING EVENTS



- 15**
Dec 2025
Decoding the New 1071 Small Business Data Collection & Submission Rule Webinar
In this 2-hour webinar we'll go in-depth into the new 1071 proposal and nail down precisely what you have to do, when you have to do it, and in what format.
- 18**
Dec 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.
- 18**
Dec 2025
Bank Security Officers Certificate Summit
1-day workshop covering emerging issues for security officers such as elder financial abuse and loss prevention. Designed to meet annual regulatory training requirements.
- 15**
Jan 2026
Succession Planning for Community Banks Virtual Workshop Series
2-Part webinar series to help banks establish a robust succession planning process.
- 16**
Jan 2026
Outlook 26: The New England Economic Forum
In conjunction with our five peer New England state banking association partners, Mass Bankers is proud to host the inaugural New England Economic Outlook Forum at Gillette Stadium, Foxboro, MA.
- 20**
Jan 2026
Preventing Elder Abuse and Exploitation: Your Financial Institution's Response Webinar
In this 2-hour webinar we will review the current best practices for responding to Elder Financial Exploitation.

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 M&A Today and Outlook for 2026](#)

[Improving Shareholder Liquidity in Community Banks](#)

[Scaling a Community Bank: Tech, Team, and Deposits](#)

[Shareholder Succession](#)



TKG Quarterly Perspectives

[Lenders are from Mars; Finance is from Venus: Bridging the Divide in Community Banking with Data and Empathy](#)

[Think in Basis Points](#)

[The Secret Sauce to Bank Profitability](#)

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



Bank consulting services to improve profitability, performance and longevity

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

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

PROFIT & PROCESS IMPROVEMENT

- Profit and process improvement studies
 - whole institution
 - specific organizational units
- Third-party operational reviews
- Benchmarking and peer comparisons
- Revenue enhancement strategies
- Technology optimization

MANAGEMENT ADVISORY

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

FINANCIAL ADVISORY

- Whole institution M&A
- Fee-based lines of businesses
- Branch purchase or sale
- Fairness opinions
- Valuation reports
- Strategic alternatives and value gap planning
- Capital management strategies
- Expert witness