

# **PUBLIC DISCLOSURE**

February 10, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Brookline Bank  
RSSD # 782306

2 Harvard Street  
Brookline, Massachusetts 02445

Federal Reserve Bank of Boston  
600 Atlantic Avenue  
Boston, Massachusetts 02210

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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**INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.**

The following table indicates the performance level of Brookline Bank (or the bank) with respect to the Lending, Investment, and Service Tests.

	<b><u>BROOKLINE BANK</u></b>		
	<b>PERFORMANCE TESTS</b>		
<b>PERFORMANCE LEVELS</b>	<b>Lending Test*</b>	<b>Investment Test</b>	<b>Service Test</b>
Outstanding			
High Satisfactory	<b>X</b>		
Low Satisfactory		<b>X</b>	<b>X</b>
Needs to Improve			
Substantial Noncompliance			

*\*The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*

The major components supporting the ratings in the above reference table include:

**Lending Test**

- Lending levels reflect good responsiveness to assessment-area credit needs, taking into account the number and amount of home mortgage and small business loans in its assessment area.
- A high percentage of loans are made in the bank's assessment area.
- The bank demonstrates a good geographic distribution of loans in its assessment area.
- The bank demonstrates a good distribution, particularly in its assessment area, of loans among individuals of different income levels and business of different sizes, given the product lines offered by the bank.
- The bank exhibits a good record of serving the credit needs of highly economically disadvantaged area in its assessment area, low-income individuals or businesses with gross annual revenue of \$1 million or less, consistent with safe and sound banking practices.
- The bank has made a relatively high level of community development loans.
- The bank makes limited use of innovative and/or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income geographies.

**Investment Test**

- The bank has an adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position.
- The bank occasionally uses innovative and/or complex qualified investments.

- The bank exhibits adequate responsiveness to credit and community development needs.

### **Service Test**

- The bank's service delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area.
- To the extent changes have been made, the bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and to low- and moderate-income individuals.
- The bank's services (including where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- The bank provides an adequate level of community development services.

## DESCRIPTION OF INSTITUTION

Brookline Bank (the bank) is a state-chartered commercial bank headquartered at 2 Harvard Street, Brookline, Massachusetts. Brookline is a town in Norfolk County and is considered a part of Greater Boston. The bank is wholly-owned by Brookline Bancorp, Boston, MA. Brookline Bancorp also owns two depository institutions: First Ipswich Bank and Bank Rhode Island. Brookline Bank has five subsidiaries including BBS Investment Corp., Longwood Securities Corp., Eastern Funding LLC, Ajax Development LLC, and Brookline Bancorp 1031 Exchange Services LLC. The bank does not have any mortgage subsidiaries.

In June, 2018, Brookline Bank completed its acquisition of First Commons Bank, N.A., Newton, MA (First Commons). First Commons' Newton and Wellesley offices were consolidated into existing Brookline Bank branches and the assessment area, which overlapped with that of Brookline Bank, remained unchanged. At the time of the examination, the bank was in the process of completing its merger with sister bank First Ipswich Bank, Ipswich, MA, which was later completed on February 18, 2020.

Brookline Bank is headquartered and operates a full-service branch at 2 Harvard Street in Brookline, MA. In addition to the main office in Brookline, the bank operates 24 full-service branch locations in Arlington (1), Bedford (1), Boston (2), Brookline (4), Burlington (2), Chestnut Hill (1), Lexington (1), Malden (1), Medford (3), Needham (1), Newton (3), Waltham (1), Wellesley (2), and West Roxbury (1). Hours of operation are consistent among the branches and drive-up ATM services are offered at all branches. In addition to its branch locations, the bank offers two stand-alone ATMs.

The bank also operates two loan production offices (LPOs) located in Braintree and Wakefield that were both opened since the previous examination. The Braintree LPO opened March 26, 2018, and the Wakefield LPO opened on May 18, 2018.

As of December 31, 2019, the Federal Financial Institutions Examination Council's (FFIEC) Consolidated Report of Income and Condition, Brookline Bank's assets totaled \$4.9 billion, with total loans of \$4.3 billion, and total deposits of \$3.5 billion. This is an increase since the previous examination in 2017, when assets totaled \$4.0 billion, total loans were \$3.6 billion and total deposits were \$2.9 billion. Over the course of the evaluation period, total assets increased 18.3 percent from June 30, 2017, while total loans increased 16.2 percent, and total deposits increased 12.0 percent. This increase could be explained by the bank's acquisition of First Commons on March 1, 2018; First Commons' asset size as of December 31, 2017 was \$325 million. Furthermore, as mentioned above, the bank opened two LPOs in 2018, which contributed to the increase in bank's lending volume.

Table 1 Loan Distribution as of December 31, 2019		
Loan Type	Dollar Amount \$(000s)	Percent of Total Loans
Commercial RE	1,596,965	35.6
Commercial and Industrial	1,255,162	28.0
Multi-Family (5 or more) Residential	668,384	14.9
1-4 Family Residential	537,028	12.0
Revolving 1-4 Family Residential	195,797	4.4
Construction and Land Development	142,774	3.2
Consumer	38,097	0.9
Obligations of State & Political Subdivisions	38,008	0.8
Other Loans and Leases	8,959	0.2
<b>Total Loans</b>	<b>4,481,174</b>	<b>100.0</b>

Call Report as of December 31, 2019

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

The bank is primarily a commercial lender, with the largest portion of the loan portfolio, at 63.6 percent. Commercial loans primarily consist of commercial mortgage loans secured by nonfarm nonresidential properties, and commercial and industrial loans. Residential loans, accounting for 31.3 percent, consist of first lien closed- end and open-end mortgages secured by 1-4 family properties, and multi-family properties. Construction and land development loans and obligations of state and political subdivisions represent 3.2 percent and 0.8 percent of the loan portfolio, respectively. Other types of loans and consumer loans account for the balance of the loan portfolio.

In addition to its residential and commercial real estate loans, Brookline Bank offers several consumer loan products, including home equity loans, auto loans, and personal loans. Furthermore, the bank offers several types of commercial/business loans including term loans, lines of credit, commercial mortgages, and Small Business Administration (SBA) guaranteed loans. In June 2019, Brookline Bank ceased all secondary market activities for new originations. All fixed rate mortgage loans and adjustable rate mortgage products, are closed, held and serviced as part of the bank's loan portfolio.

The bank maintains a website at [www.brooklinebank.com](http://www.brooklinebank.com). The website provides information about personal, business, commercial, and investment products and services. The website also provides access to online banking, branch and ATM location information, financial calculators, and news about the bank's involvement in the community.

The bank operates in a competitive environment for loans and deposits. Competitors for home mortgage loans come from multiple entities, but are dominated by large national banks and mortgage companies.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, as of June 30, 2019, there were approximately 78 financial institutions offering deposit services within the bank's assessment area. Competition for deposits includes large national banks, community banks, and trust companies. Although not a retail deposit or retail banking services institution, State Street Bank & Trust Company, ranked first for deposit market share, at 37.6

percent, followed by Bank of America, NA, which ranked second, at 21.8 percent, and Citizens Bank, NA, which ranked third, at 11.9 percent. Brookline Bank ranked 11<sup>th</sup> with a deposit market share of 1.1 percent.

Considering Brookline Bank's financial capacity, local economic conditions, assessment area demographics, and the competitive market in which it operates, the bank has demonstrated its ability to meet the credit needs of the assessment area. Furthermore, there are no legal or financial impediments that would impact the bank's ability to meet the credit needs of its assessment area.

Brookline Bank was last examined by the Federal Reserve Bank of Boston for compliance with the CRA on October 16, 2017, using large bank institution examination procedures and received an overall rating of "Satisfactory."

The CRA requires a financial institution to define an assessment area where it focuses its lending efforts and within which its CRA performance will be evaluated.

Brookline Bank has one assessment area, which is located in the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA), which is further subdivided into three Metropolitan Divisions, (MDs): the Boston, MA MD (Boston MD), the Cambridge-Newton-Framingham, MA MD (Cambridge MD), and the Rockingham County-Strafford County, NH MD (Rockingham MD). The assessment area includes a portion (317 of 435 census tracts) of the Boston MD and a portion (236 of 481 census tracts) of the Cambridge MD. The assessment area does not include any portion of the Rockingham MD. The assessment area is comprised of 59 whole, contiguous cities and towns. Within the Boston MD, the assessment area includes a portion of Norfolk County and the entirety of Suffolk County; Plymouth County is entirely excluded. Within the Cambridge MD, the assessment area includes a portion of Middlesex County; Essex County is entirely excluded. The assessment area is unchanged from the most recent CRA examination conducted by the FRBB, on October 16, 2017.

Details regarding the bank's assessment area are provided in Table 2.

Table 2 Assessment Area			
MSA	MD	Counties	Cities/Towns
Boston-Cambridge-Newton, MA-NH MSA	Cambridge-Newton-Framingham, MA MD	<i>Middlesex</i>	Acton, Arlington, Ashland, Bedford, Belmont, Billerica, Burlington, Cambridge, Carlisle, Concord, Everett, Framingham, Lexington, Lincoln, Malden, Maynard, Medford, Melrose, Natick, Newton, North Reading, Reading, Sherborn, Somerville, Stoneham, Sudbury, Wakefield, Waltham, Watertown, Wayland, Weston, Wilmington, Winchester, and Woburn.
	Boston, MA MD	<i>Norfolk</i>	Avon, Braintree, Brookline, Canton, Dedham, Dover, Holbrook, Medfield, Millis, Milton, Needham, Norfolk, Norwood, Quincy, Randolph, Sharon, Stoughton, Walpole, Wellesley, Westwood, and Weymouth
		<i>Suffolk</i>	Boston, Chelsea, Revere, and Winthrop

Relevant 2017 demographic data for the bank's assessment area is provided in Table 3. The 2018 demographics are similar to the 2017 demographics with only slight differences to the small business information.

Table 3 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	58	10.5	46,393	8.2	12,739	27.5	133,141	23.6
Moderate-income	116	21.0	108,273	19.2	15,242	14.1	86,550	15.3
Middle-income	182	32.9	197,349	35.0	11,247	5.7	102,743	18.2
Upper-income	184	33.3	210,830	37.4	5,874	2.8	241,454	42.8
Unknown-income	13	2.4	1,043	0.2	163	15.6	0	0.0
<b>Total Assessment Area</b>	<b>553</b>	<b>100.0</b>	<b>563,888</b>	<b>100.0</b>	<b>45,265</b>	<b>8.0</b>	<b>563,888</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	84,627	16,039	3.1	19.0	62,280	73.6	6,308	7.5
Moderate-income	216,289	74,255	14.4	34.3	127,384	58.9	14,650	6.8
Middle-income	363,763	197,090	38.1	54.2	147,574	40.6	19,099	5.3
Upper-income	346,221	228,165	44.2	65.9	99,158	28.6	18,898	5.5
Unknown-income	4,063	1,086	0.2	26.7	2,555	62.9	422	10.4
<b>Total Assessment Area</b>	<b>1,014,963</b>	<b>516,635</b>	<b>100.0</b>	<b>50.9</b>	<b>438,951</b>	<b>43.2</b>	<b>59,377</b>	<b>5.9</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	8,230	5.8	7,294	5.8	871	6.1	65	5.7
Moderate-income	20,163	14.3	18,524	14.7	1506	10.5	133	11.6
Middle-income	46,569	32.9	40,892	32.5	5400	37.6	277	24.1
Upper-income	65,710	46.4	58,568	46.5	6475	45.0	667	58.0
Unknown-income	798	0.6	667	0.5	123	0.9	8	0.7
<b>Total Assessment Area</b>	<b>141,470</b>	<b>100.0</b>	<b>125,945</b>	<b>100.0</b>	<b>14375</b>	<b>100.0</b>	<b>1150</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>89.0</b>		<b>10.2</b>		<b>0.8</b>

2015 ACS and 2018 D&B data.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

As shown in Table 3, Brookline Bank's assessment area contains 553 census tracts, of which 58 are low-income census tracts, 116 are moderate-income census tracts, 182 are middle-income tracts, 184 are upper-income tracts, and 13 are unknown income census tracts. The 13 unknown income census tracts generally represent parks, cemeteries, and golf courses.

## Housing

The assessment area contains 1,014,963 housing units, of which 8.3 percent are located in low-income census tracts; and 21.3 percent are located in moderate-income census tracts. A majority of the housing units are located in the middle- and upper-income tracts, with 35.8 percent located in middle-income census tracts, and 34.1 percent located in upper-income census tracts. Of the housing units, 50.9 percent are owner-occupied, 43.2 percent are rental, and 5.9 percent are vacant units. Of the 516,635 owner-occupied housing units, 3.1 percent are located in low-income census tracts and 14.4 percent are located in moderate-income census tracts, while a



majority, 38.1 percent and 44.2 percent respectively, are located in middle- and upper-income census tracts. Of the 438,951 rental units in the assessment area, 14.2 percent are located in low-income census tracts, 29.0 percent are located in moderate-income census tracts, 33.6 percent are located in middle-income tracts, and 22.6 percent are located in upper-income tracts. Of the 59,377 vacant units, 10.6 percent are located in low-income census tracts, and 24.7 percent are located in moderate-income census tracts. Vacant units in the middle- and upper-income tracts are 32.1 percent and 31.8 percent. Of the housing units in low-income census tracts, 19.0 percent are owner-occupied, 73.6 percent are rental, and 7.5 percent are vacant. Of the housing units in moderate-income census tracts, 34.3 percent are owner-occupied, 58.9 percent are rental, and 6.8 percent are vacant. Compared to Massachusetts, housing units comprise 20.1 percent of owner-occupied, 69.6 percent rentals, and 10.3 percent vacant units in low-income census tracts. Within moderate-income tracts, 44.5 percent are owner-occupied housing units, 42.0 percent are rentals, and 13.5 percent are vacant units.

The relatively low percentage of owner-occupied units and high percentage of rental units in low- and moderate-income tracts within the assessment area suggests limited opportunity to originate home mortgage loans in these tracts.

Of the housing units in the assessment area, 712,719, or 70.2 percent, are 1-4 family units and 302,244, or 29.8 percent, are multifamily units. Of the 1-4 family units, 7.1 percent are located in low-income census tracts and 19.9 percent are located in moderate-income census tracts, 36.4 percent are located in middle-income tracts, and 36.3 percent are located in upper-income tracts. Of the multifamily units, 11.2 percent are located in low-income census tracts, and 24.5 percent are located in moderate-income census tracts, while units located in middle- and upper-income tracts represent 34.4 percent and 28.9 percent, respectively. Mobile homes represent 0.2 percent.

A review of the housing statistics in the bank's assessment area indicates that the median housing value for the assessment area is \$428,112, and the median age of housing stock is 61 years. This is greater than the median housing value and median age of housing stock for Massachusetts. Specifically, the median housing value for Massachusetts is \$333,100, and the median age of housing stock is 56 years.

According to the January 2020 edition of the Beige Book, published by the Federal Reserve System, economic activity expanded at a modest to moderate pace in the closing weeks of 2019. Residential real estate markets saw continued inventory shortages. In particular, Massachusetts experienced double-digit drops in inventory for both single-family homes and condos. In Massachusetts, many potential sellers are concerned about having nothing to buy after a sale because inventories are so low.

### *Business Characteristics*

According to the 2018 Dun & Bradstreet, Short Hills, NJ (D&B) data, there are 141,470 businesses in the assessment area, of which 46.4 percent are located in upper-income tracts, 32.9 percent are located in middle-income tracts, 14.3 percent are located in moderate-income tracts, 5.8 percent are located in low-income tracts, and 0.6 percent are located in unknown-income tracts. Of total businesses located within the assessment area, 125,945, or 89.0 percent, are small businesses with recorded gross annual revenues of less than or equal to \$1 million. According to the 2017 D&B data, there are 119,300 businesses in the assessment area, of which

46.9 percent are located in upper-income tracts, 33.0 percent are located in middle-income tracts, 13.8 percent are located in moderate-income tracts, 5.7 percent are located in low-income tracts, and 0.6 percent are located in unknown-income tracts. Of the total businesses located within the assessment area, 104,452, or 87.6 percent, are small businesses with recorded gross annual revenue of less than or equal to \$1 million.

Based on the labor market data on the Massachusetts Labor and Workforce Development website, major employers within the Boston-Cambridge-Newton, MA MSA, New England City and Town Area (NECTA)<sup>1</sup> Division include Brigham and Women's Hospital, Massachusetts General Hospital, Oracle Corporation, Raytheon Systems Intl. Co., Beth Israel Deaconess Medical Center, Boston Children's Hospital, and Boston University.

### *Population*

The bank's assessment area has a population of 2,489,808 individuals. A majority of the population, 869,983 or 34.9 percent, and 858,596 or 34.5 percent, are located in moderate- and upper-income tracts, respectively. The population located in the middle-income tracts represent 21.3 percent, or 529,268, while 9.0 percent, or 223,860, are located in the low-income tracts.

The assessment area includes 955,586 households. Households in the assessment area are distributed as follows: 43.8 percent are upper-income households, 15.5 percent are middle-income households, 13.9 percent are moderate-income households, and 26.9 percent are low-income households. Households below the poverty line consist of 12.3 percent, which is slightly above the Commonwealth of Massachusetts, at 12.0 percent. Of the total households, 563,888 are families. The majority, 42.8 percent, of families are upper-income. Middle-income families represent 18.2 percent of the assessment area, while moderate- and low-income families represent 15.3 percent, and 23.6 percent, respectively. Approximately 45,265 families within the assessment area, or 8.0 percent, are below the poverty level, which is in line with the poverty levels for the state, at 8.2 percent.

### *Income*

The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above. Table 4 displays the MFI incomes for the assessment area.

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<sup>1</sup> Massachusetts Executive Office of Labor and Workforce Development – Largest Employers by Area: NECTAs are delineated by the Office of Management and Budget. They are similar to the county-based metropolitan and micropolitan statistical areas; however, NECTAs are based on county subdivisions, usually cities and towns.

Table 4 Median Family Income Comparison		
MSA/MD/State	FFIEC Estimated MFI	
	2017	2018
Assessment Area	\$98,695	\$98,695
Middlesex County	\$107,772	\$107,772
Norfolk County	\$112,605	\$112,605
Suffolk County	\$62,050	\$62,050
Boston, MA (MD)	\$94,300	\$99,300
Cambridge-Newton-Framingham, MA (MD)	\$104,800	\$110,300
Commonwealth of Massachusetts	\$80,000	\$80,700

*FFIEC median family income estimates.*

The MFIs for the assessment area, the Middlesex County, Norfolk County, and Suffolk County are based on the ACS; and the MFIs for the Boston, MD, Cambridge MD and the commonwealth are based on the annual FFIEC MFI estimates. The MFI for the assessment area during the evaluation period was \$98,695, which exceeded that of Suffolk County, and the commonwealth, but was below the Middlesex County, Norfolk County, and Cambridge MD for each year. Compared to the Boston MD, the MFI for the assessment area was higher in 2017 and lower in 2018. While the assessment area's MFI is greater than the Commonwealth of Massachusetts, the cost of rising home prices, compared to family income, makes homeownership difficult for many borrowers.

As previously mentioned, the percentage of families in the assessment area living below the poverty level is 8.0 percent, which is consistent with the Commonwealth of Massachusetts' average of 8.2 percent. A higher percentage of families in Suffolk County, at 16.3 percent, are living below the poverty level, compared to 5.6 percent in Middlesex County, and 4.3 percent in Norfolk County.

### *Employment Statistics*

The unemployment rates decreased steadily over the examination period. According to the U.S. Bureau of Labor Statistics, the national unemployment rate was 4.4 percent in 2017, and decreased to 3.9 percent in 2018; while Massachusetts unemployment was 3.8 percent in 2017, and 3.3 percent in 2018. By county, Middlesex County's unemployment was 3.1 percent in 2017, and 2.7 percent in 2018; Norfolk and Suffolk County's unemployment was the same, at 3.4 percent in 2017, and 3.0 percent in 2018. As indicated in Table 5, the unemployment rate by individual towns in the assessment area compared favorably to the national rates and/or in line with Massachusetts rates. Overall, there has been a gradual decrease in unemployment rates in each community from 2017 to 2018.

Table 5 Unemployment (data not seasonally adjusted)						
Area	2017 (%)	2018 (%)			2017 (%)	2018 (%)
Acton	2.9	2.5		Natick	2.7	2.5
Arlington	2.6	2.2		Needham	2.8	2.5
Ashland	3.0	2.5		Newton	2.9	2.5
Avon	3.8	3.7		Norfolk	3.5	2.9
Bedford	3.0	2.8		North Reading	3.0	2.8
Belmont	2.7	2.2		Norwood	3.5	3.0
Billerica	3.5	3.1		Quincy	3.4	3.1
Boston	3.4	3.0		Randolph	4.4	3.8
Braintree	3.4	3.1		Reading	2.8	2.4
Brookline	2.3	2.1		Revere	3.6	3.3
Burlington	2.9	2.6		Sharon	3.1	2.5
Cambridge	2.5	2.1		Sherborn	2.5	2.2
Canton	3.6	3.0		Somerville	2.5	2.2
Carlisle	2.9	2.6		Stoneham	3.3	3.0
Chelsea	3.5	3.2		Stoughton	3.8	3.4
Concord	3.1	2.6		Sudbury	3.1	2.6
Dedham	3.3	2.9		Wakefield	3.2	2.8
Dover	2.8	2.6		Walpole	3.4	3.0
Everett	3.3	2.8		Waltham	3.0	2.7
Framingham	3.0	2.7		Watertown	2.6	2.3
Holbrook	4.5	3.5		Wayland	2.8	2.6
Lexington	2.9	2.5		Wellesley	3.0	2.6
Lincoln	2.9	2.5		Weston	2.8	2.3
Malden	3.4	3.0		Westwood	2.7	2.5
Maynard	3.2	3.0		Weymouth	3.9	3.3
Medfield	2.9	2.5		Wilmington	3.2	2.8
Medford	3.2	2.7		Winchester	2.7	2.4
Melrose	2.9	2.6		Winthrop	3.6	3.0
Millis	3.5	3.4		Woburn	3.2	2.8
Milton	3.3	2.9				

Massachusetts Executive Office of Labor and Workforce Development

## Community Contacts

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available.

A community contact was conducted with a representative of a non-profit organization serving neighborhoods within Boston. The organization focuses on educating potential borrowers on financing options, as well as the responsibilities, advantages, and disadvantages of homeownership. The contact identified a significant need for affordable housing stock as well as the need for first-time homebuyer programs with enhanced down-payment assistance. The contact further indicated that a portion of low- and moderate-income borrowers are delaying home purchases or are purchasing homes outside of Boston due to the high cost of homeownership. In addition, the contact indicated a need for more financial literacy programs, particularly for younger borrowers with student loan debt, as they represent an increasing percentage of potential homebuyers.

A second community contact was conducted with a representative from a small nonprofit organization that focuses on homelessness prevention, community engagement, and educational opportunities for low- and moderate-income families in Boston. The contact identified workforce development, economic revitalization, and small business support as community needs, but also stressed the importance of financial literacy programs with culturally competent staff and volunteers. The contact stated that opportunities for financial institutions to get involved include community development, workforce development, and financial literacy.

## SCOPE OF EXAMINATION

Brookline Bank's performance review was based on CRA activities conducted using the FFIEC Examination Procedures for Large Institutions<sup>2</sup>. These procedures evaluate banks under three tests: the Lending Test, the Investment Test, and the Service Test.

The Lending Test evaluates the bank's lending performance pursuant to the following criteria: lending activity, geographic distribution of loans, borrower's characteristics, community development lending activity, and innovative or flexible lending practices. The Investment Test evaluates the bank's performance pursuant to the following criteria: amount of qualified investments, innovativeness or complexity of qualified investments, responsiveness of qualified investments to credit and community development needs, and degree to which the qualified investments are not routinely provided by private investors. The Service Test evaluates the bank's performance pursuant to the following criteria: current distribution of bank branches, record of opening and closing branches, availability and effectiveness of alternative systems for retail bank services and range of services provided. In addition, the extent to which the bank provides community development services and the innovativeness and responsiveness of community development services are assessed.

The Lending Test considered the bank's small business, home mortgage, and community development lending. The evaluation included small business and Home Mortgage Disclosure Act (HMDA) reportable loans originated by the bank from January 1, 2017 through December 31, 2018. Information for 2017 and 2018 is reported in tables unless otherwise noted.

Based on the bank's Consolidated Report of Condition and Income (Call Report) as of September 30, 2019, the bank's portfolio was primarily distributed between commercial loans (63.6 percent) and residential real estate (31.3 percent). As commercial lending represents a larger portion of the bank's portfolio, small business lending has been given additional weight from a quantitative perspective when arriving at overall conclusion under the Lending Test. Small business loan data was obtained from the small business loan registers produced and maintained by Brookline Bank, as required for large banks under the CRA. For the purposes of this evaluation, small business loans include nonfarm nonresidential real estate and commercial and industrial loans with original loan amounts of \$1 million or less.

Home mortgage lending data was obtained from Loan Application Registers (LARs) maintained by the bank pursuant to HMDA. HMDA reporting requirements changed in 2018; therefore, this evaluation does not compare the bank's 2017 HMDA lending performance to its 2018 HMDA lending performance. 2018 data will be analyzed separately from 2017. Additionally, closed-end other purpose loans and lines of credit (LOC) other purpose loans for 2018 were not included in the evaluation.

To evaluate performance, the bank's small business and residential loan data were compared to applicable aggregate and market data. Aggregate data for small business lending was obtained from the CRA small business registers for both years. For the bank's residential performance, the 2017 aggregate data was obtained from the FFIEC's HMDA data and the 2018 aggregate data was obtained from the Consumer Finance Protection Bureau (CFPB). Small business and residential market and demographic data were derived from D&B data and the 2015 American Community Survey (ACS), respectively.

Community development activities are not evaluated using a separate test, but are included as a component of the Lending, Investment, or Service Test, depending on the nature of the activity. For the community development component of the Lending Test, the Investment Test, and the Service Test, the evaluation period spanned from the prior CRA examination on October 16, 2017, to the current evaluation date of February 10, 2020. Community development activities are evaluated as a component of each, in the context of community development needs of the assessment area and the bank's capacity to meet those needs.

Two third-party community organizations were contacted to provide additional insight into the credit needs of the assessment area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Brookline Bank's performance under the Lending Test is rated High Satisfactory. This is an upgrade from the prior examination, particularly due to an increase in the community development loan activity.

The following information further details the data compiled and reviewed, as well as conclusions on the bank's performance. It should be noted that although both the number and the dollar volume of the bank's loans were reviewed, the number of originations was weighed more heavily than the dollar volume, as the number of loans has a more direct correlation to the number of borrowers served.

#### Lending Activity

Brookline Bank's lending levels reflect good responsiveness to assessment area credit needs, taking into account the number and amount of home mortgage and small business loans in its assessment area. This criterion evaluates the number and amount of the bank's home mortgage and small business loans. The bank originated 1,164 small business and residential loans. Small business lending included commercial real estate, commercial and industrial loans, and represented 30.6 percent of total loans. The bank originated 356 small business loans in total for 2017 and 2018, with 177 in 2017 and 179 in 2018. Of the 808 HMDA-reportable loans, which represented 69.4 percent of total loans, the majority of loans by category were refinances (32.3 percent), followed closely by home improvements (31.4 percent), and home purchases (31.0 percent), while the multi-families represented 5.2 percent. Brookline Bank's residential real estate lending significantly increased from 177 loans in 2017, to 631 loans in 2018, which is primarily attributable to reporting changes of the new HMDA rule, as well as the acquisition of First Commons, and the opening of the two LPOs, as mentioned above.

Based on the 2017 and 2018 CRA Market Peer Report, Brookline Bank ranked 29<sup>th</sup> out of 159 CRA reporters and 36<sup>th</sup> out of 159 CRA reporters, respectively. According to the 2017 and 2018 HMDA Market Peer Report, the bank ranked 87<sup>th</sup> out of 544 lenders, and 25<sup>th</sup> of 537 lenders, respectively, for home mortgage loans originated and/or purchased within the assessment area.

#### Distribution of Lending within the Assessment Area

As shown below, a high percentage of loans are in the bank's assessment area. Table 6 presents the bank's levels of lending inside and outside the assessment area for the entire evaluation period.

Table 6 Lending Inside and Outside the Assessment Area										
Loan Types	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
<b>2017</b>										
Home Purchase - Conventional	71	77.2	\$55,987	79.8	21	22.8	\$14,183	20.2	92	\$70,170
Refinancing	41	89.1	\$23,983	87.7	5	10.9	\$3,366	12.3	46	\$27,349
Home Improvement	18	90.0	\$5,012	95.4	2	10	\$240	4.6	20	\$5,252
Multi-Family Housing	15	78.9	\$71,000	94.9	4	21.1	\$3,824	5.1	19	\$74,824
<b>Total HMDA related</b>	<b>145</b>	<b>81.9</b>	<b>\$155,982</b>	<b>87.8</b>	<b>32</b>	<b>18.1</b>	<b>\$21,613</b>	<b>12.2</b>	<b>177</b>	<b>\$177,595</b>
<b>Total Small Bus. related</b>	<b>149</b>	<b>83.2</b>	<b>\$40,789</b>	<b>79.8</b>	<b>30</b>	<b>16.8</b>	<b>\$10,315</b>	<b>20.2</b>	<b>179</b>	<b>\$51,104</b>
<b>TOTAL LOANS</b>	<b>294</b>	<b>82.6</b>	<b>\$196,771</b>	<b>86.0</b>	<b>62</b>	<b>17.4</b>	<b>\$31,928</b>	<b>14</b>	<b>356</b>	<b>\$228,699</b>
<b>2018</b>										
Home Improvement	203	86.8	\$41,816	89.1	31	13.2	\$5,121	10.9	234	\$46,937
Refinancing	198	92.1	\$75,168	89.4	17	7.9	\$8,940	10.6	215	\$84,108
Home Purchase - Conventional	135	84.9	\$73,509	85.8	24	15.1	\$12,154	14.2	159	\$85,663
Multi-Family Housing	14	60.9	\$60,875	38.3	9	39.1	\$97,882	61.7	23	\$158,757
<b>Total HMDA related</b>	<b>550</b>	<b>87.2</b>	<b>\$251,368</b>	<b>66.9</b>	<b>81</b>	<b>12.8</b>	<b>\$124,097</b>	<b>33.1</b>	<b>631</b>	<b>\$375,465</b>
<b>Total Small Bus. related</b>	<b>156</b>	<b>88.1</b>	<b>\$47,682</b>	<b>86.8</b>	<b>21</b>	<b>11.9</b>	<b>\$7,253</b>	<b>13.2</b>	<b>177</b>	<b>\$54,935</b>
<b>TOTAL LOANS</b>	<b>706</b>	<b>87.4</b>	<b>\$299,050</b>	<b>69.5</b>	<b>102</b>	<b>12.6</b>	<b>\$131,350</b>	<b>30.5</b>	<b>808</b>	<b>\$430,400</b>

HMDA and small business data January 1, 2017 through December 31, 2018.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2017, the bank originated a total of 356 loans, of which 294 loans, or 82.6 percent, were inside the assessment area. By dollar amount, the bank originated 86.0 percent of the loans inside the assessment area.

In 2018, the bank originated 808 loans, of which 706 loans, or 87.4 percent, were inside the assessment area. By dollar amount, the bank originated 69.5 percent inside the assessment area.

### Small Business Lending

A high percentage of small business loans were originated inside the assessment area. In 2017, the bank originated 179 small business loans, of which 149 loans, or 83.2 percent, were inside the assessment area. By dollar volume, 79.8 percent were inside the assessment area. In 2018, the bank originate 177 small business loans, of which 156, or 88.1 percent by number of loans and 69.5 percent by dollar volume were inside the assessment area. By dollar amount, 86.8 percent were inside the assessment area.

### Residential Lending

Overall, the bank originated a high percentage of its residential mortgage loans inside the assessment area. In 2017, the bank originated a total of 177 residential mortgage loans, of which 145 loans, or 81.9 percent, were inside the assessment area. In 2018, the bank originated a total of 631 residential mortgage loans, of which 550 loans, or 87.2 percent, were inside the assessment area. By dollar amount, 87.8 percent in 2017 and 66.9 percent in 2018 were originated inside the assessment area.

Although Brookline Bank is considered a commercial bank, the significant increase in residential



mortgage loans from 2017 to 2018 is due to the changes in the HMDA reporting requirements; the bank originates a significant number of open-end lines of credit, which are now captured as HMDA data.

### **Geographic Distribution of Loans**

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The geographic distribution of loans is good throughout the assessment area. Specifically, there is a good dispersion of small business lending, with the bank outperforming the aggregate in both 2017 and 2018. The bank's performance for residential lending was adequate; however, the bank outperformed the aggregate and the demographics in low-income tracts in both years. Overall, the bank demonstrates good geographic distribution of loans.

#### *Small Business Lending*

Table 7 represents the distribution of small business loans by census tract income level. The bank's geographic distribution of small business loans in the assessment area is good.

<b>Table 7</b>								
<b>Geographic Distribution of Small Business Loans by Census Tract</b>								
<b>Census Tract Income Levels</b>	<b>2017</b>				<b>2018</b>			
	<b>% Total Business by Business Tract</b>	<b>Bank</b>		<b>Agg</b>	<b>% Total Business by Business Tract</b>	<b>Bank</b>		<b>Agg</b>
		<b>#</b>	<b>%</b>	<b>%</b>		<b>#</b>	<b>%</b>	<b>%</b>
Low	5.7%	14	9.4%	5.4%	5.8%	9	5.8%	5.3%
Moderate	13.8%	25	16.8%	15.5%	14.7%	26	16.7%	15.5%
Middle	33.0%	62	41.6%	34.4%	32.5%	50	32.1%	34.6%
Upper	46.9%	47	31.5%	43.9%	46.5%	71	45.5%	43.9%
Unknown	0.6%	1	0.7%	0.6%	0.5%	0	0.0%	0.6%
Tr Unknown		0	0.0%	0.1%		0	0.0%	0.1%
<i>Total</i>	<i>100.0%</i>	<i>149</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>156</i>	<i>100.0%</i>	<i>100.0%</i>

D&B 2017 & 2018. CRA data for 2017 and 2018.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2017, the bank originated 14 loans, or 9.4 percent, to businesses in low-income tracts, which was above the aggregate, at 5.4 percent, and above the total businesses by tract, at 5.7 percent. Within moderate-income tracts, the bank originated 25 loans, or 16.8 percent, which was above the aggregate at 15.5 percent, and above the total businesses by tract at 13.8 percent. The majority of the bank's loans were originated in middle- and upper-income tracts. Brookline Bank exceeded the aggregate and demographics in middle-income tracts. However, loans in upper-income tracts were below the aggregate and demographics.

In 2018, the bank originated 9 loans, or 5.8 percent, to businesses in low-income census tracts, which was below its performance in 2017, but above the aggregate, at 5.3 percent, and in line with total businesses. The bank originated 26 loans, or 16.7 percent, to businesses in moderate-income census tracts, exceeding the aggregate, at 15.5 percent, and total businesses, at 14.7

percent. The majority of the bank's loans were originated in middle- and upper-income tracts. The bank lagged the aggregate and demographics within middle-income tracts. Loans in upper-income tracts exceeded the aggregate but lagged the demographics.

Within the bank's assessment area, much larger national banks dominated the small business lending market and may have impeded the bank's ability to secure a larger share of the loans. The top three small business lenders in 2017, within the assessment area, include American Express Bank, FSB, Bank of America, NA, and Chase Bank USA, N.A. Brookline Bank ranked 29<sup>th</sup> in 2017. In 2018, American Express, Bank of America, and Chase Bank held the first three positions, respectively, while Brookline Bank ranked 35<sup>th</sup>. Despite the high competition driven by large national banks established in the Boston market, the bank remains competitive within its defined market.

### *Residential Lending*

Tables 8 and 9 provide a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank's overall geographic distribution of HMDA-reportable loans is considered adequate.

Table 8 2017 Geographic Distribution of HMDA Loans								
PRODUCT TYPE	Tract Income Levels	Owner Occupied Units %	Bank & Aggregate Lending Comparison					
			2017					
			Count			Dollar		
			Bank		Agg	Bank		Agg
			#	%	%	\$ (000s)	\$ %	\$ %
HOME PURCHASE	Low	3.1%	6	8.5%	4.0%	\$2,230	4.0%	3.6%
	Moderate	14.4%	5	7.0%	17.6%	\$3,938	7.0%	14.3%
	Middle	38.1%	27	38.0%	37.5%	\$18,686	33.4%	30.8%
	Upper	44.2%	32	45.1%	40.5%	\$29,963	53.5%	50.7%
	Unknown	0.2%	1	1.4%	0.4%	\$1,170	2.1%	0.5%
	Total	100.0%	71	100.0%	100.0%	\$55,987	100.0%	100.0%
REFINANCE	Low	3.1%	2	4.9%	4.7%	\$1,154	4.8%	3.8%
	Moderate	14.4%	7	17.1%	17.4%	\$4,722	19.7%	12.5%
	Middle	38.1%	14	34.1%	39.2%	\$4,867	20.3%	42.1%
	Upper	44.2%	18	43.9%	38.5%	\$13,240	55.2%	41.4%
	Unknown	0.2%	0	0.0%	0.3%	\$0	0.0%	0.3%
	Total	100.0%	41	100.0%	100.0%	\$23,983	100.0%	100.0%
HOME IMPROVEMENT	Low	3.1%	0	0.0%	3.4%	\$0	0.0%	3.7%
	Moderate	14.4%	3	16.7%	13.9%	\$88	1.8%	13.3%
	Middle	38.1%	6	33.3%	37.5%	\$708	14.1%	29.9%
	Upper	44.2%	8	44.4%	44.9%	\$3,988	79.6%	52.9%
	Unknown	0.2%	1	5.6%	0.2%	\$228	4.5%	0.2%
	Total	100.0%	18	100.0%	100.0%	\$5,012	100.0%	100.0%
MULTI FAMILY	Low	11.2%	0	0.0%	14.7%	\$0	0.0%	7.7%
	Moderate	24.5%	4	26.7%	36.7%	\$27,445	38.7%	30.8%
	Middle	34.4%	5	33.3%	30.2%	\$15,930	22.4%	35.2%
	Upper	28.9%	6	40.0%	18.3%	\$27,625	38.9%	26.3%
	Unknown	1.0%	0	0.0%	0.2%	\$0	0.0%	0.1%
	Total	100.0%	15	100.0%	100.0%	\$71,000	100.0%	100.0%
HMDA TOTALS	Low	3.1%	8	5.5%	4.3%	\$3,384	2.2%	4.0%
	Moderate	14.4%	19	13.1%	17.4%	\$36,193	23.2%	15.0%
	Middle	38.1%	52	35.9%	38.0%	\$40,191	25.8%	34.8%
	Upper	44.2%	64	44.1%	40.0%	\$74,816	48.0%	45.8%
	Unknown	0.2%	2	1.4%	0.3%	\$1,398	0.9%	0.4%
	Total	100.0%	145	100.0%	100.0%	\$155,982	100.0%	100.0%

2017 FFIEC Census Data, 2017 Aggregate HMDA Data; and 2017 Bank Data  
Total percentages shown may vary by 0.1 percent due to automated rounding differences

As displayed in Table 8, in 2017 the bank originated 8 home mortgage loans, or 5.5 percent, in low-income census tracts, exceeding the aggregate, at 4.3 percent, and owner-occupied housing units in these tracts, at 3.1 percent. Within moderate-income census tracts, the bank originated 19 loans, or 13.1 percent, which lagged the aggregate at 17.4 percent, and the percentage of owner-occupied housing units at 14.4 percent. The majority of the bank's loans were originated in middle- and upper-income tracts. Brookline Bank extended 35.9 percent in middle-income tracts,

lagging the aggregate and demographics at 38.0 percent and 38.1 percent, respectively. However, loans in upper-income tracts, 44.1 percent, exceeded the aggregate at 40.0 percent, and was slightly at par with the demographics at 44.2 percent.

By product type, the bank exceeded the aggregate for home purchase loans within low-, middle- and upper-income tracts, but lagged the aggregate within the moderate-income tracts. Compared to demographics, the bank exceeded in low- and upper-income census tracts and lagged within moderate- and middle-income census tracts.

The bank's refinance loans exceeded the aggregate in low- and upper-income census tracts but lagged in moderate- and middle-income tracts. The bank's performance exceeded the demographics in low- and moderate-income tracts and fell below within middle- and upper-income tracts.

The bank did not make any home improvement loans within low-income tracts. However, loans within moderate-income tracts exceeded the aggregate and demographics. Loans in middle-income tracts were below the aggregate and demographics while loans in upper-income tracts are at par with the comparators.

Similarly, the bank did not make any multi-family loans in low-income tracts. Loans in moderate-income tracts lagged the aggregate but exceeded the demographics. Loans in middle-income tracts exceeded the aggregate, but lagged the demographics. Loans in upper-income tracts exceeded the comparators.

There are limited lending opportunities for HMDA-reportable loans in low- and moderate-income census tracts within the bank's assessment area, with 19.0 percent and 34.3 percent, respectively, of owner-occupied units. Furthermore, only 3.1 percent and 14.4 percent of the assessment area's owner-occupied units are in low- and moderate-income census tracts. However, the bank exceeded the owner-occupied unit's percentages in low-income tracts and is in line within moderate-income tracts, exhibiting a good responsiveness in those tracts particularly.

Table 9 2018 Geographic Distribution of HMDA Loans								
PRODUCT TYPE	Tract Income Levels	Owner Occupied Units %	Bank & Aggregate Lending Comparison					
			2018					
			Count			Dollar		
			Bank		Agg	Bank		Agg
			#	%	%	\$ (000s)	\$ %	\$ %
HOME PURCHASE	Low	3.1%	8	5.9%	4.1%	\$3,304	4.5%	3.3%
	Moderate	14.4%	31	23.0%	17.7%	\$15,318	20.8%	13.9%
	Middle	38.1%	46	34.1%	37.4%	\$25,330	34.5%	35.9%
	Upper	44.2%	50	37.0%	40.4%	\$29,557	40.2%	46.3%
	Unknown	0.2%	0	0.0%	0.4%	\$0	0.0%	0.5%
	Total	100.0%	135	100.0%	100.0%	\$73,509	100.0%	100.0%
REFINANCE	Low	3.1%	4	2.0%	4.1%	\$1,911	2.5%	3.9%
	Moderate	14.4%	21	10.6%	17.0%	\$7,984	10.6%	15.0%
	Middle	38.1%	55	27.8%	36.9%	\$13,556	18.0%	31.1%
	Upper	44.2%	118	59.6%	41.7%	\$51,717	68.8%	49.7%
	Unknown	0.2%	0	0.0%	0.3%	\$0	0.0%	0.3%
	Total	100.0%	198	100.0%	100.0%	\$75,168	100.0%	100.0%
HOME IMPROVEMENT	Low	3.1%	9	4.4%	3.1%	\$2,691	6.4%	2.9%
	Moderate	14.4%	29	14.3%	14.4%	\$7,016	16.8%	12.7%
	Middle	38.1%	70	34.5%	38.7%	\$9,882	23.6%	31.7%
	Upper	44.2%	95	46.8%	43.7%	\$22,227	53.2%	52.5%
	Unknown	0.2%	0	0.0%	0.2%	\$0	0.0%	0.2%
	Total	100.0%	203	100.0%	100.0%	\$41,816	100.0%	100.0%
MULTI FAMILY	Low	11.2%	2	14.3%	13.4%	\$5,692	9.4%	7.9%
	Moderate	24.5%	8	57.1%	30.0%	\$34,383	56.5%	21.4%
	Middle	34.4%	1	7.1%	34.0%	\$11,000	18.1%	41.1%
	Upper	28.9%	3	21.4%	21.5%	\$9,800	16.1%	28.8%
	Unknown	1.0%	0	0.0%	1.1%	\$0	0.0%	0.9%
	Total	100.0%	14	100.0%	100.0%	\$60,875	100.0%	100.0%
HMDA TOTALS	Low	3.1%	23	4.2%	4.1%	\$13,598	5.4%	3.9%
	Moderate	14.4%	89	16.2%	17.2%	\$64,701	25.7%	14.7%
	Middle	38.1%	172	31.3%	37.4%	\$59,768	23.8%	21.4%
	Upper	44.2%	266	48.4%	41.0%	\$113,301	45.1%	46.5%
	Unknown	0.2%	0	0.0%	0.3%	\$0	0.0%	0.5%
	Total	100.0%	550	100.0%	100.0%	\$251,368	100.0%	100.0%

2018 FFIEC Census Data, 2018 Aggregate HMDA Data; and 2018 Bank Data  
Total percentages shown may vary by 0.1 percent due to automated rounding differences

As shown in Table 9, in 2018 the bank originated 23 home mortgage loans, or 4.2 percent, in low-income census tracts, which is slightly above the aggregate, at 4.1 percent, and above the percentage of owner-occupied housing units in these tracts. Within moderate-income tracts, the bank originated 89 loans, or 16.2 percent, slightly below the aggregate at 17.2 percent, but above the percentage of owner-occupied housing units. The bank's performance in low- and moderate-income tracts is notable as it outperformed the demographics in those tracts. The bank's loans in middle-income tracts at 31.3 percent lagged the aggregate, at 37.4 percent, and owner-occupied

units, at 38.1 percent. Loans in upper-income tracts exceeded the aggregate and owner-occupied units.

By product type, the bank exceeded the aggregate and demographics for home purchase loans within low- and moderate-income tracts. The bank's home purchase loans lagged the aggregate and demographics within middle and upper-income tracts.

For refinance loans, the bank fell below the aggregate and demographics in low-, moderate- and middle-income tracts, but exceeded the comparators in upper-income tracts.

Brookline Bank outperformed the aggregate and demographics for home improvement loans within low- and upper-income tracts. In moderate-income tracts, the bank is at par with the aggregate and demographics, while it fell below the comparators within middle-income tracts.

Multi-family loans in low- and moderate-income tracts exceeded the aggregate and demographics, while loans to middle-income tracts lagged the comparators. Upper-income loans were at par with the aggregate but below the demographics.

There are limited lending opportunities for HMDA-reportable loans in low- and moderate-income census tracts within the bank's assessment area, with 19.0 percent and 34.3 percent, respectively, of owner-occupied units. Furthermore, only 3.1 percent and 14.4 percent of the assessment area's owner-occupied units are in low- and moderate-income census tracts. However, the bank exceeded the owner-occupied housing percentages exhibiting a good responsiveness in those tracts.

As mentioned earlier, the January 2020 Beige Book states that residential real estate markets experienced a decline. In particular, Massachusetts experienced double-digit drops in inventory for both single family homes and condos. In addition, a community contact identified a significant need for affordable housing stock as well as the need for first-time homebuyer programs with enhanced down-payment assistance. The contact further indicated that a portion of low- and moderate-income borrowers are delaying home purchases or are purchasing homes outside of Boston due to the high cost of homeownership. Overall, the bank's performance in low- and moderate-income tracts is considered adequate as compared to the aggregate and the demographics.

### *Gap Analysis*

In 2017 and 2018, the geographic distribution of home mortgage and small business loans reflects good penetration throughout the assessment area and there are no major gaps in lending. The assessment area included 58 low-income tracts and 116 moderate-income tracts. The bank originated loans within 22 low-income tracts, or 37.9 percent, and 44 moderate-income tracts, or 37.9 percent, in 2017. In 2018, the bank originated loans within 32 low-income tracts, or 55.1 percent, and within 115 moderate-income tracts, or 99.1 percent.

## **Borrower Profile**

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. Overall, Brookline Bank demonstrates a good distribution, particularly in the assessment area, of loans to businesses of different sizes and among individuals of different income levels, given the product lines offered by the bank. The bank shows a good record of serving the credit needs of businesses with gross annual revenues (GAR) of \$1 million or less and an adequate record of serving the credit needs of low-income individuals, consistent with safe and sound operations. Of note, Brookline Bank's lending to small businesses with GARs of \$1 million or less exceeded the aggregate in both 2017 and 2018. In addition, Brookline Bank makes limited use of flexible and innovative lending through its first-time homebuyer program, home ownership opportunity program, and its Small Business Administration (SBA) lending, as a Preferred SBA Lender, resulting in overall good distribution.

### **Small Business Lending**

The bank's small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 10 details the bank's lending to small businesses according to revenue size.

<b>Table 10</b>								
<b>Distribution of Small Business Loans by Gross Annual Revenue of Business</b>								
<b>Gross Annual Revenues</b>	<b>2017 Total Businesses</b>	<b>2017 Bank</b>			<b>2018 Total Businesses</b>	<b>2018 Bank</b>		
	<b>%</b>	<b>#</b>	<b>%</b>	<b>Agg</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>Agg</b>
<b>≤ \$1MM</b>	87.6%	82	55.0%	47.2%	89.0%	74	47.4%	39.8%
<b>&gt; \$1MM</b>	11.8%	52	34.9%		10.2%	68	43.6%	
<b>N/A</b>	0.6%	15	10.1%		0.8%	14	9.0%	
<b>Total</b>	100.0%	149	100.0%		100.0%	156	100.0%	

*D&B 2017 & 2018. CRA data for 2017 and 2018.*

*Total percentages shown may vary by 0.1 percent due to automated rounding differences*

The bank's performance reflects good distribution of lending to businesses with revenues of \$1 million or less. The bank originated 82 loans, or 55.0 percent of its loans to businesses with GARs of \$1 million or less in 2017, which was above the aggregate, at 47.2 percent. The bank's performance in 2018 was below that of 2017, with 74 loans, or 47.4 percent of its loans to businesses with GRAs of \$1 million or less, but outperformed the aggregate, which was also below the previous year, at 39.8 percent.

The bank and the aggregate performed below the percentage of total businesses, at 87.6 percent in 2017, and 89.0 percent in 2018. However, the better comparison is against the aggregate as it is a better indicator of demand. Furthermore, most of the small business loans were in loan amounts of \$100,000 or less, which is considered particularly responsive to the needs of small businesses. In 2017, the bank originated 58 loans, or 38.9 percent, in loan amounts of \$100,000 or less. In 2018, the bank originated 38 loans, or 40.8 percent, in loan amounts of \$100,000 or less.

The bank exhibits good record of serving the credit needs of small businesses, consistent with safe and soundness practices.

The bank makes limited use of flexible/innovative lending programs. Brookline Bank is an SBA Preferred Lender and is offering programs such as: The SBA Certified Development Companies (CDC)/504 Loan Program, and SBA Express loans. The SBA certifies and regulates CDCs, which are non-profit corporations that facilitate financing for qualified small businesses by working with lenders. Through this program, proceeds may be used for financing equipment or real estate. In order to qualify, businesses must not have funds available from other sources; therefore, a need must be demonstrated. During the timeframe of this review, the bank made 25 SBA loans, totaling \$2.4 million. These loans contributed to the performance of Brookline Bank's lending to small businesses, a concern mentioned by a community contact representative.

### Residential Lending

Tables 11 and 12 provide a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The tables further outline the bank's performance by loan type in comparison to the aggregate.



Table 11 2017 Borrower Distribution of HMDA Loans								
PRODUCT TYPE	Borrower Income Levels	Families by Family Income %	Bank & Aggregate Lending Comparison					
			2017					
			Count			Dollar		
			Bank		Agg	Bank		Agg
			#	%	%	\$(000s)	\$ %	\$ %
HOME PURCHASE	Low	23.6%	2	2.8%	2.5%	\$518	0.9%	1.1%
	Moderate	15.3%	2	2.8%	12.3%	\$569	1.0%	7.2%
	Middle	18.2%	11	15.5%	21.2%	\$4,061	7.3%	16.1%
	Upper	42.8%	43	60.6%	52.0%	\$29,872	53.4%	61.7%
	Unknown	0.0%	13	18.3%	12.0%	\$20,967	37.4%	14.0%
	Total	100.0%	71	100.0%	100.0%	\$55,987	100.0%	100.0%
REFINANCE	Low	23.6%	2	4.9%	4.6%	\$264	1.1%	2.0%
	Moderate	15.3%	4	9.8%	15.3%	\$704	2.9%	8.7%
	Middle	18.2%	8	19.5%	23.9%	\$3,203	13.4%	16.5%
	Upper	42.8%	22	53.7%	45.6%	\$17,250	71.9%	62.3%
	Unknown	0.0%	5	12.2%	10.5%	\$2,562	10.7%	10.5%
	Total	100.0%	41	100.0%	100.0%	\$23,983	100.0%	100.0%
HOME IMPROVEMENT	Low	23.6%	1	5.6%	3.6%	\$50	1.0%	1.3%
	Moderate	15.3%	3	16.7%	12.4%	\$296	5.9%	7.5%
	Middle	18.2%	2	11.1%	22.5%	\$1,325	26.4%	15.6%
	Upper	42.8%	12	66.7%	54.4%	\$3,341	66.7%	62.7%
	Unknown	0.0%	0	0.0%	7.1%	\$0	0.0%	12.9%
	Total	100.0%	18	100.0%	100.0%	\$5,012	100.0%	100.0%
MULTI FAMILY	Low	23.6%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	15.3%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	18.2%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	42.8%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	0.0%	15	100.0%	100.0%	\$71,000	100.0%	100.0%
	Total	100.0%	15	100.0%	100.0%	\$71,000	100.0%	100.0%
HMDA TOTALS	Low	23.6%	5	3.4%	3.4%	\$832	0.5%	1.3%
	Moderate	15.3%	9	6.2%	13.3%	\$1,569	1.0%	7.1%
	Middle	18.2%	21	14.5%	22.1%	\$8,589	5.5%	14.9%
	Upper	42.8%	77	53.1%	49.4%	\$50,463	32.4%	57.1%
	Unknown	0.0%	33	22.8%	11.9%	\$94,529	60.6%	19.5%
	Total	100.0%	145	100.0%	100.0%	\$155,982	100.0%	100.0%

2015 ACS, 2017 Aggregate HMDA Data, 2017 HMDA LAR

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

The distribution of loans to borrowers of different income levels reflects an adequate distribution of loans among individuals of different income levels.

As displayed in Table 11 in 2017, the bank was in line with the aggregate in lending to low-income borrowers at 3.4 percent, but fell below the low-income families, at 23.6 percent. Affordability presents challenges for low-income families earning \$49,348 or less, as the median

housing value is \$428,112. The aggregate also lagged the percentage of low-income families in the assessment area, indicating home affordability is out of reach for the majority of low-income borrowers. The bank's loans to moderate-income borrowers, at 6.2 percent, fell below the aggregate, at 13.3 percent. Both the bank and the aggregate fell below the moderate-income families in the assessment area. The bank's originations to middle-income borrowers also lagged the aggregate and percentage of families in 2017. Conversely, originations to upper-income borrowers exceeded the aggregate and families.

The majority, by number and dollar amount, of the bank's home purchase, home refinancing, and home improvement loans, were made to upper-income borrowers in 2017. Home purchase loans to low-income borrowers slightly exceeded the aggregate, but fell below the percentage of families; loans to moderate- and middle-income borrowers lagged the aggregate and the percentages of families in 2017. However, loans to upper-income borrowers exceeded the aggregate and families.

Refinance loans to low-income borrowers slightly exceeded the aggregate but fell below the percentage of families; loans to moderate-income borrowers were below the aggregate and below the percentage of families. Loans to middle-income borrowers were below the aggregate, but exceeded the percentage of families. Loans to upper-income borrowers were above the aggregate and exceeded the percentage of families.

Home improvement loans to low-income borrowers were above the aggregate, but below the percentage of families in 2017. The bank's performance to middle-income borrowers was below the aggregate and percentage of families, while home improvement loans to moderate- and upper-income borrowers exceeded the aggregate and percentage of families.

Multi-family loans were not analyzed as the borrowers were unknown.

Table 12 2018 Borrower Distribution of HMDA Loans								
PRODUCT TYPE	Borrower Income Levels	Families by Family Income %	Bank & Aggregate Lending Comparison 2018					
			Count			Dollar		
			Bank		Agg	Bank		Agg
			#	%	%	\$(000s)	\$ %	\$ %
HOME PURCHASE	Low	23.6%	3	2.2%	2.8%	\$460	0.6%	1.2%
	Moderate	15.3%	15	11.1%	11.9%	\$3,942	5.4%	6.4%
	Middle	18.2%	21	15.6%	20.2%	\$8,225	11.2%	14.2%
	Upper	42.8%	64	47.4%	51.6%	\$32,859	44.7%	63.7%
	Unknown	0.0%	32	23.7%	13.4%	\$28,023	38.1%	14.4%
	Total	100.0%	135	100.0%	100.0%	\$73,509	100.0%	100.0%
REFINANCE	Low	23.6%	18	9.1%	5.9%	\$2,796	3.7%	2.9%
	Moderate	15.3%	18	9.1%	16.1%	\$3,370	4.5%	10.9%
	Middle	18.2%	33	16.7%	23.4%	\$8,331	11.1%	19.0%
	Upper	42.8%	122	61.6%	45.3%	\$55,612	74.0%	55.0%
	Unknown	0.0%	7	3.5%	9.4%	\$5,059	6.7%	12.2%
	Total	100.0%	198	100.0%	100.0%	\$75,168	100.0%	100.0%
HOME IMPROVEMENT	Low	23.6%	14	6.9%	4.7%	\$1,280	3.1%	2.7%
	Moderate	15.3%	30	14.8%	13.5%	\$3,793	9.1%	8.7%
	Middle	18.2%	46	22.7%	24.1%	\$7,533	18.0%	17.4%
	Upper	42.8%	108	53.2%	53.6%	\$24,315	58.1%	59.7%
	Unknown	0.0%	5	2.5%	4.2%	\$4,895	11.7%	11.5%
	Total	100.0%	203	100.0%	100.0%	\$41,816	100.0%	100.0%
MULTI FAMILY	Low	23.6%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	15.3%	0	0.0%	0.4%	\$0	0.0%	0.0%
	Middle	18.2%	0	0.0%	0.4%	\$0	0.0%	0.0%
	Upper	42.8%	0	0.0%	1.3%	\$0	0.0%	0.2%
	Unknown	0.0%	14	100.0%	98.0%	\$60,875	100.0%	99.8%
	Total	100.0%	14	100.0%	100.0%	\$60,875	100.0%	100.0%
HMDA TOTALS	Low	23.6%	35	6.4%	4.0%	\$4,536	1.8%	1.6%
	Moderate	15.3%	63	11.5%	13.2%	\$11,105	4.4%	7.0%
	Middle	18.2%	100	18.2%	21.1%	\$24,089	9.6%	14.0%
	Upper	42.8%	294	53.5%	48.3%	\$112,789	44.9%	54.7%
	Unknown	0.0%	58	10.5%	13.4%	\$98,852	39.3%	22.7%
	Total	100.0%	550	100.0%	100.0%	\$251,368	100.0%	100.0%

2015 ACS, 2018 Aggregate HMDA Data, 2018 HMDA LAR

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2018, the bank's distribution of loans to low-income borrowers, at 6.4 percent, exceeded the aggregate, at 4.0 percent. Loans to moderate-income borrowers, at 11.5 percent, lagged the aggregate, at 13.2 percent. The bank and the aggregate lagged the percentage of low- and moderate-income families. Loans to middle-income borrowers lagged the aggregate but was in line with the percentage of families. Loans to upper-income borrowers exceeded both comparators. Based on the 2015 ACS data, 23.6 percent and 15.4 percent, respectively, of

families within the bank's assessment area are low- and moderate-income, with 8.0 percent of families living below the poverty level, a factor that limits homeownership.

In 2018, the majority, by number and dollar amount, of the bank's home purchase, home refinancing, and home improvement loans, were made to upper-income borrowers. Home purchase loans to low-income, moderate-income, and middle-income borrowers lagged the aggregate and the percentages of families in 2018. However, loans to upper borrowers exceeded the aggregate and families.

Refinance loans to low-income borrowers were above the aggregate, but below the percentage of families, while loans to moderate- and middle-income borrowers were below both the aggregate and the percentage of families. Loans to upper-income borrowers were above the aggregate and exceeded the percentage of families.

Home improvement loans to low- and moderate-income borrowers were above the aggregate, but below the percentage of families in 2018. The bank's performance to middle-income borrowers was below the aggregate but above the percentage of families. Home improvement loans to upper-income borrowers exceeded the aggregate and the percentage of families.

Brookline Bank makes limited use of innovative and/or flexible lending practices in serving the credit needs of its assessment area though its First Time Homebuyer Program (FTHP) and its Homeownership Opportunity Program (HOP). The bank's FTHP offers first time homebuyers financing at a reduced rate, with the potential for lower down payment and fees. Although the bank discontinued this program in 2019, during the evaluation period Brookline Bank originated 10 loans, totaling \$3.5 million, as part of its FTHP program. In addition, the bank offers the HOP, which provides 30-year fixed rate residential mortgages specifically to help low- and moderate-income applicants by offering competitive rates, waiving private mortgage insurance, and requiring less-stringent underwriting standards for loan-to-value and debt-to-income. During the evaluation period the bank did not originate any loans with this program.

### **Community Development Lending**

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) The number and amount of community development loans in the institution's assessment area(s); 2) the extent to which community development lending opportunities have been made available to the institution; 3) the responsiveness to the opportunities for community development lending; 4) the extent of leadership the institution has demonstrated in community development lending; and 5) the innovativeness or complexity involved.

Brookline Bank has made a relatively high level of community development loans. The bank originated 9 qualified community development loans, totaling \$88.8 million. This is a significant increase from the prior examination. The bank made 5 loans, totaling \$22.2 million, inside the assessment area. Three of these community development loans supported affordable housing, one had as its primary purpose community service, and one supported economic development. The economic development was funded in conjunction with the Massachusetts Business Development Corporation, which promotes economic development within the Commonwealth of Massachusetts by assisting small and middle-market companies in finding solutions for their capital needs. The

community development loans originated inside the assessment area during the examination time period are provided below.

- In 2017, the bank approved a \$4,000,000 demand line of credit to an organization with a primary purpose to promote economic development within the Commonwealth of Massachusetts. The company manages one of the largest SBA 504 loan programs in Massachusetts and assists small and middle-market companies to find solutions to their capital needs. The demand loan provides the organization with additional funds to support its direct lending operations.
- In 2019, the bank approved a \$12,000,000 loan to refinance an existing mortgage and provide working capital to a non-profit organization. The organization is a school providing two year associate degrees and certificate programs in the trades to students from low-income families in Boston.
- In 2019, the bank approved a \$14,300,000 loan for the construction and development of a project comprised of 45 residential apartments, including 12 affordable units. The bank received pro-rata community development credit for this loan of approximately \$3,813,333.
- In 2019, the bank approved a \$455,000 loan to extend the facility and provide historic tax credit bridge financing to aid in the construction of 9-unit affordable housing project in Arlington.
- In 2018, Brookline Bank advanced a \$2,200,000 line of credit to fund predevelopment costs for affordable housing projects. The affordable housing projects are located in Massachusetts, New Hampshire and Connecticut.

During the evaluation period, Brookline Bank also made 4 loans, totaling \$66.3 million, outside the assessment area but within the broader statewide area. These community development loans supported affordable housing, as well as one loan for neighborhood revitalization and stabilization of a low-income area. A sampling of the bank's community development lending activity outside the assessment area is provided below.

- In 2019, the bank approved a \$3,380,367 construction to mini-permanent loan for the construction of 15 affordable units, located in a residential multifamily development located in Bridgewater, MA.
- In 2018, the bank approved a \$48,000,000 first mortgage construction to permanent loan for the refinance and construction of a 194-unit residential apartment building and commercial space. The building is located in the City of Lawrence, in an area subject to major improvements promoted through the Mass Works program<sup>3</sup>, for the revitalization through renovation of former textile mills along the Merrimack River.

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<sup>3</sup> MassWorks provides grants to communities to help them prepare for success and contribute to the long term strength and sustainability of our Commonwealth. The MassWorks infrastructure program is administered by the Executive Office of Housing and Economic Development.

## INVESTMENT TEST

Brookline Bank's performance under the Investment Test is rated Low Satisfactory. The Investment Test evaluates the institution's record of meeting the credit needs of its assessment area through its use of qualified investments that benefit the assessment area or a broader statewide or regional area that includes the institution's assessment area was considered. The institution's investment performance is evaluated pursuant to the following criteria: 1) the amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

The bank has an adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position. The bank exhibits adequate responsiveness to credit and community development needs through the provision of charitable contributions, which have supported pressing credit and community development needs in the assessment area such as education and workforce development, human services, and community development. The bank occasionally uses innovative and/or complex investments to support community development initiatives.

The bank's overall investments totaled \$19,687,930, including \$18,730,862 in equity investments, \$940,773 in donations and grants, and \$162,905 in Interest on Lawyers' Trust Accounts (IOLTA).

### **Equity Investments**

As mentioned above, the outstanding value of qualified investments during the examination totaled \$18,730,862. The bank received credit for a total of \$8,469,729 in new investments for this examination period. However, new investments specifically benefitting the broader statewide area of Massachusetts that includes the bank's assessment area totaled \$2,000,000. This is a decrease from the previous examination, when investments specifically benefitting the assessment area and statewide area totaled \$6,023,200. The other new investment made by the bank during the examination period, totaling \$6,469,729, was in Rhode Island, outside of the bank's assessment area or the broader statewide area. Outstanding prior investments totaled \$10,261,133.

### **New Equity Investments**

The bank committed \$2,000,000 to three affordable housing equity investments in the form of Low-Income Housing Tax Credits (LIHTCs) specifically benefitting the broader statewide area of Massachusetts that includes the bank's assessment area:

- Massachusetts Housing Investment Corporation (MHIC) Equity Fund XXIV and XXV LLC - The bank committed \$1,000,000 to the MHIC Equity Fund XXIV LLC in 2018, and \$1,000,000 to the MHIC Equity Fund XXV LLC in 2019. The investment was made to acquire interests in various limited partnerships and/or limited liability companies that will engage in low-income housing improvement projects within Massachusetts, including within the assessment area, which will qualify for LIHTCs and economic redevelopment of disadvantaged neighborhoods.

In 2019, the bank committed \$6,469,729 to the Lincoln Lofts fund for the participation in low-income housing tax credits for the construction of a 45-unit affordable housing community located in Rhode Island, outside the bank's assessment area.

### **Prior Period Equity Investments**

The outstanding value of the bank's qualified investment in a Small Business Investment Company (SBIC) Guaranteed Debenture Participation Certificate issued by the small business investment companies licensed by the SBA is \$2,507,651.

The outstanding value of qualified LIHTCs made during the previous examination totaled \$7,753,482. This includes:

- \$437,083 in book value for the construction of a 150-unit apartment house development in which 90 units are reserved for tax credit eligible households.
- \$203,990 in book value for the construction of a 19-unit affordable housing property.
- \$370,954 in book value for the acquisition and rehabilitation of a 128-unit lodging house that provides affordable housing.
- \$784,444 in book value for the acquisition, rehabilitation, and preservation of 193 units of affordable housing.
- \$661,865 in book value for the historic renovation of 32 units of affordable housing.
- \$599,180 in book value for the preservation and rehabilitation of 60 units of affordable housing.
- \$596,363 in book value for the preservation and rehabilitation of 190 low-income housing units.
- \$1,019,774 in book value for the acquisition and preservation of a 32-unit affordable-housing property.
- \$651,418 in book value for the purchase of a limited interest and to participate in low-income housing tax credits for two properties located within the bank's assessment area.
- \$702,150 in book value for acquiring interests in various limited partnerships that will engage in low-income housing improvement projects within Massachusetts.
- \$754,996 in book value for acquiring interests in various limited partnerships that will engage in low-income housing improvement projects within Massachusetts.

- \$971,265 in book value in a fund that finances the development of affordable housing and contributed to community development of projects within the Metropolitan Boston area.

## **Grants and Donations**

Table 13 displays the bank and charitable foundation's qualified grants and donations by year and community development purpose.

<b>Table 13</b>										
<b>Qualified Donations by Purpose</b>										
<b>Community Development Category</b>	<b>2017 (as of October 17)</b>		<b>2018</b>		<b>2019</b>		<b>2020 YTD</b>		<b>Total</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
Affordable Housing	9	\$79,600	20	\$138,200	17	\$152,700	0	\$0	46	\$368,900
Community Services	21	\$75,550	55	\$266,000	33	\$189,223	5	\$28,500	114	\$560,873
Economic Development	0	\$0	1	\$8,000	1	\$3,000	0	\$0	2	\$11,000
Revitalization/Stabilization	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
<b>Total</b>	<b>30</b>	<b>\$155,150</b>	<b>76</b>	<b>\$412,200</b>	<b>51</b>	<b>\$344,923</b>	<b>5</b>	<b>\$28,500</b>	<b>162</b>	<b>\$940,773</b>

Source: Bank data

Current period qualified donations totaled \$940,773, an increase from \$774,309 at the previous evaluation.

The following is a sample of the organizations that benefited from the bank and foundation contributions:

**Allston Brighton Community Development Corporation (Allston Brighton CDC)**– Allston Brighton CDC is an organization dedicated to building a stronger, more stable community by representing and supporting the interests, engagement and leadership of Allston Brighton's diverse communities, institutions, individual and families of all incomes. The organization holds over 500 homes for nearly 1,000 low- and moderate-income renters and their families in its real estate portfolio. These homes provide a stable base in a neighborhood of high rents and limited homeownership opportunities. In addition, the organization provides homeownership and financial counseling to low- and moderate-income individuals, as well as community development workshops and events.

**Caritas Communities** – Caritas Communities is an organization committed to developing, building, and managing affordable housing units for low-income individuals and preventing homelessness. In addition to maintaining 30 buildings in 14 Greater Boston communities, the organization provides supportive services through collaboration with agencies to ensure residents have access to health care, mental health and substance abuse counseling, and assistance with employment and financial issues.



**The Dimock Center** – The Dimock Center at Beth Israel Deaconess Medical Center is nationally recognized for its model of providing comprehensive health and human services in Boston’s underserved neighborhoods, that might not otherwise be available to those communities. The Dimock Center delivers comprehensive health care for adults and children; quality care, education and support to children and families; treatments and recovery services for patients with development delays, substance abuse, and violence issues.

**Ellis** – Ellis is a nonprofit organization dedicated to providing high quality early education and care for infants, toddlers and pre-school children; after school program for youth in kindergarten through 7<sup>th</sup> grade; and adult health programs for disabled and elderly adults. Ellis predominantly serves low-income, culturally diverse families from urban Boston neighborhoods.

**Epiphany School** – Epiphany School is an independent, tuition-free school for children of economically disadvantaged families from Boston neighborhoods. The school serves students from pre-school, through its early learning center, through middle school, and hundreds of young adults through the graduate support program, as well as hundreds of low- and moderate-income families. The school provides small classes, tutoring, daily meals, competitive sports programs, and ensures students’ health and social needs are met.

**Fenway Community Development Corporation (Fenway CDC)** – Fenway CDC is an organization that works to preserve Fenway as a vibrant and diverse community by developing affordable housing, providing programs that enrich lives, and strengthen community voices. The organization focuses on protecting the rights of all who live and thrive in the neighborhood, especially low- and moderate-income people. Fenway CDC provides housing related services, as well as social services, employment, financial education programs, fair foods, and career fair resources.

**Habitat for Humanity Greater Boston** – Habitat for Humanity is a nonprofit organization that helps families build and improve homes. Habitat for Humanity homeowners build their own home with the help of volunteers and pay an affordable mortgage. Habitat for Humanity homeowners achieve the strength, stability and independence they need to build a better life for themselves and their families.

**Just-A-Start Corporation (Just-A-Start)** – As a community development corporation, Just-A-Start is dedicated to building the housing security and economic stability of low- and moderate-income individuals in Cambridge and nearby communities. Through comprehensive and integrated programs, Just-A-Start creates and maintains affordable housing, provides housing resources and services, offers education and workforce training for youth and adults, and builds communities.

**Project Bread** – Project Bread is a nonprofit organization dedicated to alleviating, preventing, and ultimately ending hunger in Massachusetts. The organization is committed to providing access to healthy food through community based meal programs, early childhood and school nutrition initiatives, and providing better access to fresh local food resources.

**Rogerson Communities** – Rogerson Communities provides housing solutions and services for the people who need it most. Rogerson Communities produces and manages 1,400 housing units, adult health programs, nutrition, fitness, meal programs, and other specially-tailored services for

elders from all ethnic and socio-economic backgrounds, and especially for low- and moderate-income families, helping them lead healthier and more vibrant lives.

**Somerville Homeless Coalition (SHC)** – SHC was created to provide homeless and near homeless individuals and families with individualized supportive services and tailored housing situations with a goal of obtaining and maintaining affordable housing for over 3,161 men, women and children. The organization’s emergency response program includes an adult shelter, family shelter, food program and supportive services.

## SERVICE TEST

Brookline Bank’s performance under the Service Test is rated Low Satisfactory. The Service Test evaluates an institution’s record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution’s systems for delivering retail banking services and the extent and innovativeness of its community development services.

### Retail Banking Services

Retail banking services evaluates the availability and effectiveness of an institution's systems for delivering retail banking services, pursuant to the following criteria: 1) the current distribution of the institution's branches among low-, moderate-, middle-, and upper-income geographies; 2) in the context of its current distribution of branches, the record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals; 3) the availability and effectiveness of alternative systems for delivering retail banking services in low- and moderate-income geographies and to low- and moderate-income individuals; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

Table 14 displays the distribution of the bank’s current branch network compared to the percentage of census tracts within the assessment area as well as the percentage of the population that resides in those tracts.

Table 14 Distribution of Branch Offices by Income Category				
Census Tract Income Category	Assessment Area Demographics		Bank Offices by Tract Location	
	Total Census Tracts	Total Population		
	% of #	% of #	#	%
Low	10.5	8.2	1	4.0
Moderate	21.0	21.1	1	4.0
Middle	32.9	36.1	8	32.0
Upper	33.3	34.3	15	60.0
Unknown	2.4	0.4	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>25</b>	<b>100</b>

2015 ACS and Bank Records

### *Accessibility of Delivery Systems*

Delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area. As mentioned above, the bank operates 25 full-service branches. Fifteen of the branches are located in upper-income census tracts, eight are in middle-income census tracts, one is in moderate-income census tract, and one branch is located in a low-income tract. The branch in the low-income tract is located in Malden, while the branch in the moderate-income census tract is located in Medford. Furthermore, several of the bank's branches located in middle- and upper-income tracts are in close proximity to, and are accessible to the area's low- and moderate-income geographies and individuals.

The bank also provides alternative delivery systems. As previously mentioned, the bank maintains a website at [www.brooklinebank.com](http://www.brooklinebank.com), which provides customers with access to online banking, online bill pay, and eStatements twenty-four hours a day. Brookline Bank also provides a free mobile banking service that allows customers to check balances, see transaction history, receive account alerts, make transfers, pay bills, send person-to-person payments, manage ATM and debit cards, and deposit checks.

Brookline Bank added Aira service during the review period. Aira is a phone application service that connects blind and low-vision people to highly trained, remotely located agents, to three branch locations.

### *Changes in Branch Locations*

To the extent changes have been made, the bank's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank did not open or close any branches during the review period; however, as mentioned above, following the bank's acquisition of First Commons in 2018, First Commons' Newton and Wellesley offices were consolidated into existing Brookline Bank branches. During the review period, the bank also opened two LPOs, one in Braintree and one in Wakefield, both located in middle-income census tracts, but servicing the entire assessment area, including low- and moderate-income tracts.

### *Reasonableness of Business Hours and Services*

Services do not vary in a way that inconveniences its assessment area, particularly low-income and moderate-income geographies and/or low-income and moderate-income individuals. While the bank's branch hours vary slightly by location, all branches are open for at least seven hours Monday through Friday. Additionally, each branch is open on Saturdays for at least three hours with the exception of the two branches located in Boston, which are not in a low- or moderate-income tract. The bank maintains full-service ATMs at each branch location. In addition, the bank operates two stand-alone ATM locations at Lawrence Memorial Hospital and Melrose-Wakefield Hospital. The bank is also a member of the SUM program which allows customers to access their accounts from over 7,500 SUM ATMs nationwide, and of the NYCE ATM network, which has several thousand machines in the United States – mostly in the Northeast region.

### **Community Development Services**

Community development services are evaluated pursuant to the following criteria: 1) The extent to which the institution provides community development services; and 2) the innovativeness, including whether the bank serves low- or moderate-income customers in new ways or serve groups of customers not previously served.

The bank provides an adequate level of community development services. Brookline Bank's management and staff were involved with several community organizations that provide services to low- and moderate-income individuals. Bank involvement includes serving as board members, finance committee members, and fundraising committee members at organizations providing community development services.

The following details examples of involvement in community development activities:

- **South Middlesex Opportunity Council** – This organization advocates the rights and needs of low-income and disadvantaged individuals and families, provides services, such as energy and financial assistance, educates the community, and participates in coalitions with other advocates and searching for new resources and partnerships. The bank's CRA officer serves as a member of the finance committee and a board member of this non-profit corporation that was established in 1965 with the goal to end poverty.
- **Downtown Framingham Inc.** – This non-profit organization located in downtown Framingham connects local businesses with financial and legal technical assistance, holds fundraisers meant to drive interest to the area, and shares area updates through newsletters and blogs that cover business-related news and local accolades. The organization also drives internship and career opportunities by integrating its projects into applicable curricula from institutions of higher education, including Framingham State University and MassBay Community College. The bank's CRA officer serves as board member.
- **Charlesbank Homes** – The organization provides grants to various non-profit affordable housing projects throughout Massachusetts. The bank's senior vice president serves as a board member of this non-profit corporation that was established in the early 1900s with the goal of supporting affordable housing in the Greater Boston Area.
- **Triangle, Inc.** – This nonprofit organization located in Malden, MA provides transitional assistance and guidance to physically and mentally handicapped individuals. Triangle, Inc. provides vocational training to individuals with disabilities to prepare them for employment and serves as a placement assistant agent for these individuals as they seek to utilize their training and education as a successful member of the workforce. Additionally, Triangle, Inc. provides housing assistance to the individuals and focuses its efforts on fostering self-sufficiency. The bank's chief risk officer serves on the board of directors.
- **Somerville Homeless Coalition** – This nonprofit organization works to provide homeless and near homeless individuals and families with supportive services, transportation assistance, financial literacy, and tailored housing solutions with a goal of

obtaining and maintaining affordable housing. A branch manager serves on the board of this organization.

- **Supportive Living, Inc.** – Supportive Living, Inc. is a non-profit organization that provides housing and services to people who have sustained brain injuries. A prospective resident must be classified as very low-income and eligible for HUD<sup>4</sup> and MassHealth programs. The president and CEO serves on the board of this organization.
- **Mystic Valley Elder Services** – This nonprofit agency partners with elders, adults living with disabilities, and caregivers to provide services that support health, wellbeing, and independence. Many of the services provided are free or low-cost, depending upon individual income. A branch manager serves as a financial mentor for this organization.
- **Waltham Partnership for Youth** – This organization aims to identify the needs of Waltham youth who are still learning English and to leverage resources to address those needs in order to help them become productive citizens in the community and workforce. An officer of the bank serves as a board member of this nonprofit.

In addition, during the review period, the bank has provided technical expertise by collaborating with schools, youth groups, and human service agencies to share their financial expertise including affordable housing seminars, small business seminars, and financial literacy courses for students and members of the community. Examples of activities includes partnership with the following:

- **Junior Achievement** – Two bank employees participated in various programs associated with Junior Achievement of Northern New England, an organization dedicated to preparing young people for the real world by teaching skills in financial literacy, workforce readiness, and entrepreneurship. Employee participation included teaching several financial literacy courses to high school students with a focus on credit, earning, budgeting, savings, and investing. The majority of the students in these schools qualify for free lunch.
- **First Time Homebuyer Seminars** – Several bank employees taught various first-time homebuyer courses in conjunction with the Waltham Alliance to Create Housing (WATCH). WATCH is an organization in Waltham promoting affordable housing, adult education and leadership development, empowering underrepresented residents through civic engagement. The first time home buyer course contains important information for first-time home buyers, such as information about credit, debit, budgeting, qualifying for a mortgage, shopping for a home, the legal aspects of home buying, and the responsibilities of being a homeowner.
- **BUILD** – An officer of the bank serves as a mentor in the BUILD entrepreneurship program. This organization provides youth from under-resourced communities with the financial education they need to become entrepreneurs, while still preparing for college. The program teaches high school students how to build a business plan, how to grow a business or start a new one, and how to secure seed capital. BUILD also offers students

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<sup>4</sup> United States Department of Housing and Urban Development

many opportunities to connect with the Boston business community to develop and refine their new skills and growing confidence.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Concurrent with this CRA evaluation, a review of the bank's compliance with consumer protection laws and regulations was conducted, and no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

## APPENDIX A

### GLOSSARY

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Assessment area:** One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

**Census tract:** A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community contact:** Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

**Community development:** All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the FDIC have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, the FDIC, and the OCC, based on:
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Demographics:** The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

**Distressed nonmetropolitan middle-income geography:** A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**Full-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders who do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

**Household:** One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

**Housing affordability ratio:** Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a



dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

**Limited-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median family income:** The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a geography.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan statistical area (nonMSA):** Not part of a metropolitan area. (See metropolitan area.)

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Performance context:** The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the

context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

**Performance criteria:** These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

**Performance evaluation (PE):** A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small businesses/small farms:** A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

**Small loan(s) to business(es):** That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved middle-income geography:** A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Upper-income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more, in the case of a geography.

For additional information, please see the Definitions section of Regulation BB at 12 C.F.R. 228.12.