

PUBLIC DISCLOSURE

September 9, 2024

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.

	<u>BROOKLINE BANK</u>		
	PERFORMANCE TESTS		
PERFORMANCE LEVELS	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	x	x	
Low Satisfactory			x
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

- Good responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area.
- A substantial majority of its loans are made in the bank's assessment area.
- An adequate geographic distribution of loans in the bank's assessment area.
- A good distribution, particularly in the bank's assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- Use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.
- The bank is a leader in making community development loans.
- A good record of serving the credit needs of highly economically disadvantaged areas in the bank's assessment area, low-income individuals, or businesses, with gross annual revenues of \$1 million or less, consistent with safe and sound operations.

Investment Test

- A significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position.
- Significant use of innovative or complex qualified investments.

- Good responsiveness to credit and community development needs.

Service Test

- The bank's service delivery systems are reasonably accessible to essentially all portions of the bank's assessment area.
- To the extent changes have been made, the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or 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- or moderate-income geographies or low- or moderate-income individuals.
- The bank provides an adequate level of community development services.

DESCRIPTION OF INSTITUTION

Brookline Bank is a state-chartered commercial bank, headquartered at 2 Harvard Street, Brookline, MA. The Town of Brookline is located in Norfolk County and is considered part of Greater Boston. The bank is a wholly-owned subsidiary of Brookline Bancorp, Boston, MA, a publicly held multibank holding company. Brookline Bancorp also owns Bank Rhode Island, Providence, RI and PCSB Bank, Yorktown Heights, NY. Brookline Bank does not have any mortgage subsidiaries.

The bank offers a full range of personal and business banking products and services, as well as asset management activities through its trust division. The bank offers fixed- and adjustable-rate residential mortgages, home equity loans and lines of credit, commercial lines of credit, term loans, real estate loans, Small Business Administration (SBA) loans, and consumer loans. Deposit products include checking accounts, savings accounts, and certificates of deposit.

The bank maintains a website at 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 a full-service branch at its headquarters in Brookline, MA. At the time of this review, the bank operated 28 full-service branch locations, 33 full-service automated teller machines (ATMs), 2 standalone ATMs, and 3 loan production offices (LPOs), as well as the main office. All branches, LPOs, and ATMs are in the Massachusetts portion of the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA). The bank maintains branches in Arlington, Bedford, Boston (2), Brookline (5), Burlington, Chestnut Hill, Danvers, Essex, Gloucester, Ipswich, Lexington, Malden, Medford (3), Needham, Newton (2), Rowley, Waltham, Wellesley (2), and West Roxbury. Hours of operation are consistent among the branches. Drive-up ATM services are offered at all branches. The standalone ATMs are cash only and located in hospitals in Medford and Melrose; and the LPOs are in Braintree, Needham, and Wakefield. Since the last evaluation, the bank closed its Newburyport branch with one ATM in July 2022, and its Newton Highlands branch with two ATMs in August 2024; the bank opened its third LPO in Needham in January 2024.

As of June 30, 2024, Brookline Bank's assets totaled \$6.4 billion, with total loans of \$5.6 billion, and total deposits of \$4.6 billion. Since the last evaluation in 2022, assets increased by 12.4 percent from \$5.7 billion, which was primarily driven by a \$637.3 million, or 12.9 percent, increase in loans, particularly with a \$423.5 million, or 10.2 percent, increase in commercial loans. Total deposits have remained stable since the last evaluation at \$4.6 billion.

Table 1 shows the bank's loan portfolio composition, by dollar, as of June 30, 2024.

Table 1		
Loan Distribution as of June 30, 2024		
Loan Type	Dollar Amount \$(000)	Percent of Total Loans (%)
Commercial*	4,584,898	81.9
Residential RE	724,842	13.0
Other	237,797	4.2
Consumer	48,606	0.9
Total Loans	5,596,143	100.0

Call Report as of June 30, 2024.

**May include construction, land development, and other land loans reported on the HMDA LAR*

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

Commercial loans, which include 1-4 family residential construction, other construction, multifamily residential properties, owner-occupied nonfarm nonresidential properties, other nonfarm nonresidential properties, and commercial and industrial loans, continues to account for the substantial majority of the bank's loans by dollar amount, at 81.9 percent. Residential real estate loans, which are comprised of revolving, open-end loans secured by 1-4 family residential properties and closed-end first and junior liens secured by 1-4 family residential properties account for 13.0 percent of the bank's loans by dollar amount. Consumer and other loans account for the remaining 5.1 percent of the bank's loans by dollar amount.

The bank operates in a competitive market for deposits amongst national, regional, and community banks. According to the June 30, 2023, Federal Deposit Insurance Corporation Deposit (FDIC) Market Share Report, the bank ranked 11th of 83 depository institutions for deposit market share within the assessment area, at 1.0 percent. Although not a retail deposit or retail banking services institution, State Street Bank and Trust Company, ranked 1st at 37.2 percent, followed by Bank of America, N.A., ranked 2nd at 20.3 percent, and Citizens Bank, N.A., ranked 3rd at 11.8 percent.

Given the volume of depository institutions within the assessment area, including community banks and national banks, and the breadth of national mortgage companies operating in the assessment area, the bank operates in a highly competitive geographic area for residential loans. In 2021, there were 622 originators and/or purchasers of residential mortgage loans in the assessment area; in 2022, there were 609 originators and/or purchasers; and in 2023, there were 541 originators and/or purchasers. During the evaluation period, the top residential mortgage lenders in the assessment area included JPMorgan Chase Bank, N.A.; Citizens Bank, N.A.; Guaranteed Rate, Inc.; Leader Bank, N.A.; Bank of America, N.A.; and TD Bank, N.A. In each year of the evaluation period, the bank ranked within the 90th percentile in mortgage originations in the assessment area.

Regarding small business lending, the bank operates in a competitive geographic area. In 2021, numerous national, regional, and community banks, including Brookline, were active originators of SBA Payment Protection Program (PPP) loans. PPP loans were administered by the SBA as part of the Coronavirus Aid, Relief, and Economic Security Act, and were designed to help businesses retain workers and staff during the economic hardship resulting from the COVID-19 pandemic. In each year of the evaluation period American Express, N.B.; JPMorgan Chase Bank, N.A.; and Bank of America, N.A. were the top small business lenders in the assessment area. Additional top small business lenders in the assessment area include Citibank, N.A.;

Capital One, N.A.; and US Bank, N.A. In 2022 and 2023, the bank was within the 75th percentile in the origination of small business loans in the assessment area, while in 2021, the bank ranked 23rd.

Considering the bank's financial capacity, local economic conditions, assessment area demographics, and the competitive market in which it operates, the bank demonstrated an ability to meet the credit needs of the assessment area. 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 has defined one assessment area for CRA purposes. The assessment area consists of a portion of the Boston-Cambridge-Newton, MA-NH 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 (365 of 490 census tracts) of the Boston MD, and a portion (444 of 531 census tracts) of the Cambridge MD. The assessment area does not include any portion of the Rockingham MD. The assessment area is comprised of 83 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 and the entirety of Essex County. The assessment area has not changed since the most recent CRA evaluation on May 16, 2022. 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.
		<i>Essex</i>	Amesbury, Andover, Beverly, Boxford, Danvers, Essex, Gloucester, Haverhill, Ipswich, Lawrence, Lynn, Lynnfield, Marblehead, Methuen, Nahant, Newburyport, Peabody, Rockport, Rowley, Salem, Salisbury, Saugus, Swampscott, and Topsfield.
	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

Bank-provided data.

Table 3 and Table 4 detail pertinent demographic data related to the bank's assessment area in 2021 and 2023.¹ The 2021 demographics are similar to the 2023 demographics with only slight

¹ Based on the Federal Financial Institutions Examination Council's (FFIEC) methodology for determining sufficiently accurate data sources to use in examinations, the bank's 2021 residential mortgage lending performance was compared to demographics from the ACS and the bank's 2022 and 2023 residential mortgage lending performance was compared to demographics from the U.S. Census (Census). The 2022 and 2023 Census data is nearly identical aside from minor, non-statistically significant differences between 2022 and 2023 small business demographic data.

differences to the small business information. Unless otherwise noted, the 2023 data will be used for demographics in this report.

Table 3 2021 Brookline Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	95	13.3	80,097	10.6	21,074	26.3	187,650	24.8
Moderate	147	20.5	143,549	19.0	19,200	13.4	121,190	16.0
Middle	250	34.9	283,519	37.5	14,498	5.1	141,584	18.7
Upper	210	29.3	248,061	32.8	6,824	2.8	305,845	40.4
Unknown	14	2.0	1,043	0.1	163	15.6	0	0.0
Total AA	716	100.0	756,269	100.0	61,759	8.2	756,269	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	141,947	29,655	4.2	20.9	102,095	71.9	10,197	7.2
Moderate	278,915	105,638	15.1	37.9	153,637	55.1	19,640	7.0
Middle	501,049	291,847	41.8	58.2	181,222	36.2	27,980	5.6
Upper	396,883	269,702	38.6	68.0	106,061	26.7	21,120	5.3
Unknown	4,063	1,086	0.2	26.7	2,555	62.9	422	10.4
Total AA	1,322,857	697,928	100.0	52.8	545,570	41.2	79,359	6.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	13,979	7.9	12,628	7.9	1,268	7.8	83	7.2
Moderate	26,122	14.8	24,049	15.1	1,936	11.9	137	11.9
Middle	63,721	36.0	57,168	35.9	6,220	38.2	333	28.9
Upper	72,274	40.9	64,943	40.7	6,738	41.4	593	51.5
Unknown	754	0.4	632	0.4	117	0.7	5	0.4
Total AA	176,850	100.0	159,420	100.0	16,279	100.0	1,151	100.0
Percentage of Total Businesses:				90.1		9.2		0.7
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table 4
2023 Brookline Assessment Area Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	93	11.5	78,086	9.9	16,966	21.7	187,063	23.8
Moderate	154	19.0	147,147	18.7	15,416	10.5	126,435	16.1
Middle	252	31.1	263,388	33.5	11,967	4.5	149,541	19.0
Upper	270	33.4	290,232	36.9	6,794	2.3	323,157	41.1
Unknown	40	4.9	7,343	0.9	886	12.1	0	0.0
Total AA	809	100.0	786,196	100.0	52,029	6.6	786,196	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	143,676	31,011	4.3	21.6	103,054	71.7	9,611	6.7
Moderate	270,249	112,022	15.4	41.5	143,089	52.9	15,138	5.6
Middle	460,955	265,371	36.5	57.6	170,499	37.0	25,085	5.4
Upper	478,470	312,741	43.0	65.4	138,079	28.9	27,650	5.8
Unknown	19,211	5,534	0.8	28.8	12,043	62.7	1,634	8.5
Total AA	1,372,561	726,679	100.0	52.9	566,764	41.3	79,118	5.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	11,917	7.0	10,881	7.1	971	6.1	65	5.6
Moderate	25,921	15.2	23,338	15.2	2,440	15.4	143	12.3
Middle	55,781	32.7	50,121	32.6	5,359	33.9	301	26.0
Upper	74,272	43.5	66,958	43.6	6,687	42.2	627	54.1
Unknown	2,782	1.6	2,387	1.6	373	2.4	22	1.9
Total AA	170,673	100.0	153,685	100.0	15,830	100.0	1,158	100.0
Percentage of Total Businesses:				90.0		9.3		0.7

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Based on the 2020 U.S. Census (Census), there were 809 census tracts in the assessment area, of which 93, or 11.5 percent, are low-income census tracts; 154, or 19.0 percent, are moderate-income census tracts; 252, or 31.1 percent, are middle-income census tracts; 270, or 33.4 percent, are upper-income census tracts; and 40, or 4.9 percent, are unknown-income census tracts. The majority of low- and moderate-income census tracts are located in the Greater Boston area in

Suffolk County, with some concentrations in Essex County, namely in Lynn and Lawrence.

Housing

Based on the Census, the assessment area contains 1,372,561 housing units, of which 10.5 percent are in low-income census tracts, and 19.7 percent are in moderate-income census tracts. A majority of the housing units are located in the middle- and upper-income census tracts, with 33.6 percent located in middle-income census tracts and 34.9 percent located in upper-income census tracts. Of all the housing units in the assessment area, 52.9 percent are owner-occupied, 41.3 percent are rental, and 5.8 percent are vacant.

Of the 726,679 owner-occupied housing units, 4.3 percent are in low-income census tracts, and 15.4 percent are in moderate-income census tracts, while a majority, 36.5 percent and 43.0 percent, respectively, are in middle- and upper-income census tracts. Of the 566,764 rental units in the assessment area, 18.2 percent are in low-income census tracts, 25.2 percent are in moderate-income census tracts, 30.1 percent are in middle-income census tracts, and 24.4 percent are in upper-income census tracts. Of the 79,118 vacant units, 12.1 percent are in low-income census tracts, and 19.1 percent are in moderate-income census tracts. Vacant units in the middle- and upper-income census tracts are 31.7 percent and 34.9 percent, respectively. Of the housing units in low-income census tracts, 21.6 percent are owner-occupied, 71.7 percent are rental, and 6.7 percent are vacant. Of the housing units in moderate-income census tracts, 41.5 percent are owner-occupied, 52.9 percent are rental, and 5.6 percent are vacant.

Of the housing units in the assessment area, 977,510, or 71.2 percent, are 1-4 family units, and 395,051, or 28.8 percent, are multi-family units. Of the 1-4 family units, 8.8 percent are in low-income census tracts, 18.8 percent are in moderate-income census tracts, 34.7 percent are in middle-income census tracts, and 36.7 percent are in upper-income census tracts. Of the multi-family units, 14.6 percent are in low-income census tracts, and 21.9 percent are in moderate-income census tracts, while units located in middle- and upper-income census tracts represent 30.8 percent and 30.2 percent, respectively. The 3,781 mobile homes in the assessment area represent 0.3 percent of all housing units.

The relatively low percentage of owner-occupied units and higher percentage of rental units in low- and moderate-income census tracts within the assessment area suggests limited opportunity to originate home mortgage loans in these census tracts. Per 2020 Census data, the median housing value was \$533,017 in the assessment area, which is below the median housing value of Middlesex County at \$540,300 and Suffolk County at \$547,300, but above Essex County at \$436,600 and Norfolk County at \$491,000. By tract income, the median housing values are \$387,554 in low-, \$390,930 in moderate-, \$463,360 in middle-, and \$692,322 in upper-income tracts. These values were notably higher than the state-wide median housing sale price for the Commonwealth of Massachusetts at \$398,800. The higher median sale prices in the assessment area poses significant challenges to housing affordability.

Since the Census, housing values in the assessment area have significantly increased over the evaluation period, as indicated by more recent data from The Warren Group, Peabody, MA. Table 5 illustrates more recent data on the median sales price of single-family homes and condominiums by county in the assessment area.

Table 5 Median Sales Price				
Geography	2021	2022	2023	% Change 2021- 2023
Middlesex County	\$ 650,000	\$ 705,000	\$ 736,000	13.2
Essex County	\$ 545,000	\$ 580,000	\$ 600,000	10.1
Norfolk County	\$ 610,000	\$ 655,000	\$ 679,000	11.3
Suffolk County	\$ 700,000	\$ 740,000	\$ 750,000	7.1
Massachusetts	\$ 494,000	\$ 530,000	\$ 550,000	11.3
Source: The Warren Group, Boston, MA				

Within the Cambridge MD, Middlesex County median home values for single family homes and condominiums have increased by 13.2 percent from \$650,000 in 2021 to \$736,000 in 2023, while Essex County median home values have increased by 10.1 percent from \$545,000 in 2021 to \$605,000 in 2023. In the Boston MD, Norfolk County median home values have increased by 11.3 percent from \$610,000 in 2021 to \$679,000 in 2023, while Suffolk County median home values have increased by 7.1 percent from \$700,000 to \$750,000. The home values in these counties, of which the assessment area is comprised, are significantly higher in comparison to that of the state. The Commonwealth of Massachusetts saw an increase in median home values by 11.3 percent from \$494,000 in 2021 to \$550,000 in 2023. Housing values in the assessment area have been consistently on the rise compared to family income, presenting affordability challenges and widening the gap to home ownership for low- and moderate-income families.

Moreover, residential real estate sales have declined sharply during the review period, as low inventories and high prices have continued to deter transactions. According to the January 2024 Beige Book, home sales remained stable at very low levels towards the end of 2023. Year-over-year, single-family home sales fell by double digits, while condominium sales fell by moderate-to-steep margins. The moderate increase in median sales price was attributed to persistent scarcity of supply and significant demand. Housing inventories remained historically low.

Business Characteristics

According to 2023 Dun & Bradstreet (D&B) data, there are 170,673 businesses in the assessment area, of which 7.0 percent are in low-income census tracts, 15.2 percent are in moderate-income census tracts, 32.7 are in middle-income census tracts, 43.5 percent are in upper-income tracts, and 1.6 percent are in unknown-income census tracts. Of total businesses located within the assessment area, 153,685, or 90.0 percent, are small businesses with recorded gross annual revenues (GAR) of less than or equal to \$1 million. Per Massachusetts Labor and Workforce Development labor market data, major employers in the Boston-Cambridge-Newton, MA New England City and Town Area (NECTA)² include Brigham and Women's Hospital, Dana Farber Cancer Institute, Massachusetts General Hospital, Partners Healthcare System, and Raytheon.

² 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.

Population

Per the Census, the bank's assessment area has a population of 3,427,410 individuals. The majority of the population, 1,118,620, or 32.6 percent, and 1,203,234, or 35.1 percent, respectively reside in middle- and upper-income census tracts. The population located in moderate-income census tracts represent 673,312, or 19.6 percent, while 381,108, or 11.1 percent, are in low-income census tracts.

The assessment area includes 1,293,443 households. Households in the assessment area are distributed as follows: 34.9 percent are upper-income; 33.7 percent are middle-income; 19.7 percent are moderate-income; and 10.4 percent are low-income. Of the assessment area households, 10.9 percent are below the poverty line. Of the total households, 786,196 are families. The majority, 36.9 percent, of families are upper-income. Middle-income families represent 33.5 percent of the assessment area, while moderate- and low-income families represent 18.7 percent and 9.9 percent, respectively. Of the families within the assessment area, 52,029, or 6.6 percent, are below the poverty level.

Income

The Federal Financial Institutions Examination Council (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. Per the 2020 Census, the MFI was \$116,986 in the assessment area, \$112,607 in the Boston MD, \$121,481 in the Cambridge MD, and \$106,526 in the Commonwealth of Massachusetts. MFIs have steadily increased over the review period.

The following table displays the MFI used to classify borrowers within the MSA/MD portion(s) of the assessment area and the non-MSA portion of the state.

Table 6			
Median Family Income			
MSA/MD	2021	2022	2023
Boston, MA MD	\$113,700	\$129,500	\$136,900
Cambridge-Newton-Framingham, MA MD	\$120,200	\$138,700	\$146,200
Commonwealth of Massachusetts*	\$111,700	\$119,400	\$130,000
<i>FFIEC median family income estimates</i>			
<i>*Represents non-MSA portions of the state</i>			

The MFIs for the Boston MD, Cambridge MD, and the Commonwealth of Massachusetts are based on the annual FFIEC MFI estimates. While the assessment area's MFIs compare favorably to 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 6.6 percent, which is consistent with that of the Commonwealth of Massachusetts. A higher percentage of families in Suffolk County and Essex County are living below the poverty level, at 12.6 percent and 7.3 percent, respectively, compared to 4.5 percent in Middlesex County and 4.0 percent in Norfolk County.

Employment Statistics

Per the 2020 Census, the unemployment rate was 5.1 percent in the assessment area and the Commonwealth of Massachusetts, 4.2 percent in Middlesex County, 5.2 percent in Essex County, 6.8 percent in Suffolk County, and 4.5 percent in Norfolk County. The unemployment rate fluctuated over the evaluation period. According to the U.S. Bureau of Labor Statistics, the national unemployment rate was 5.3 percent in 2021, 3.6 percent in 2022, and 3.6 percent in 2023. Massachusetts unemployment was 5.4 percent in 2021, 3.7 percent in 2022, and 3.4 percent in 2023. By county, Middlesex County's unemployment was 4.4 percent in 2021, 3.0 percent in 2022, and 2.9 percent in 2023; Norfolk County's unemployment was 4.8 percent in 2021, 3.2 percent in 2022, and 3.1 percent in 2023; Suffolk County's unemployment was 5.6 percent in 2021, 3.5 percent in 2022, and 3.2 percent in 2023; and Essex County's unemployment was 6.0 percent in 2021, 3.8 percent in 2022, and 3.5 percent in 2023. Unemployment rates declined in each community from 2021 to 2023, more in line with pre-pandemic unemployment rates.

SCOPE OF EXAMINATION

Brookline Bank's CRA performance review was conducted using the FFIEC Examination Procedures for Large Institutions.³ 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, assessment area concentration of loans, geographic distribution of loans, borrower's profile, responsiveness of credit needs, community development lending activity, and product innovation. The Investment Test evaluates the bank's performance pursuant to the following criteria: investment and grant activity, responsiveness to credit and community development needs, and community development initiatives. The Service Test evaluates the bank's performance pursuant to the following criteria: accessibility of delivery systems, changes in branch locations, reasonableness of business hours and services, and community development services.

The Lending Test evaluated the bank's residential mortgage and small business loans. The evaluation included CRA small business and Home Mortgage Disclosure Act (HMDA) reportable loans originated by the bank from January 1, 2021 through December 31, 2023. Based on the number of loans originated during the evaluation period, residential mortgage loans and small business loans were weighted equally. While both the number and dollar volume of the bank's loans were reviewed, the number of originations was weighted more heavily as the number of loans is more indicative of loan demand. Information for 2022 and 2023 is reported in tables unless otherwise noted. Community development loans originated from May 17, 2022, through September 9, 2024, were also considered.

Home mortgage lending data reviewed during the evaluation was obtained from Loan Application Registers (LARs), maintained by the bank pursuant to the HMDA. Residential loans with a purpose of "other" and/or "not applicable" were excluded from the analysis. The bank's residential lending activity was compared to the aggregate of all lenders operating within the assessment area. Aggregate data was obtained from the Consumer Financial Protection Bureau (CFPB) and consists of lending information from all HMDA reporters that originated or purchased residential mortgage loans in the assessment area. "Other" and "not applicable" loans have also been excluded from the aggregate data.

Small business loans include commercial real estate loans and commercial and industrial loans with original loan amounts of \$1 million or less. The bank's small business lending performance was compared to aggregate small business data obtained from the FFIEC and to demographic information obtained from D&B.

Residential mortgage loans included home purchase, home improvement, and refinance loans for one-to-four family and multifamily (five or more unit) properties. Multifamily loans are considered commercial for purposes of the loan distribution found in Table 1. However, as they are HMDA-reportable loans, they are included in the residential loan analysis for evaluating the bank's performance. Residential loans with a purpose of "other" and/or "not applicable" were excluded from the evaluation.

³ "Large institutions" are banks or savings associations with assets of at least \$1.564 billion as of December 31 of both of the prior two calendar years.

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. Small business loans include nonfarm nonresidential real estate and commercial and industrial loans with original loan amounts of \$1 million or less.

To evaluate performance, the bank's small business and residential loan data was compared to applicable aggregate and demographic data. Aggregate data for small business lending was obtained from the FFIEC and demographic information obtained from D&B. For the bank's residential performance, the aggregate data was obtained from the CFPB and consists of lending information from all HMDA reporters that originated or purchased residential mortgage loans in the assessment areas and demographic information obtained from the 2020 FFIEC Census Data.

The review period for the Investment Test and Service Test was May 17, 2022 through September 9, 2024. Qualified investments and community development services were evaluated in the context of community needs and the capacity of the bank.

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

The first community contact was conducted with the executive director of an affordable housing and community service organization that works with residents of gateway communities north of Boston to provide affordable housing and promote economic diversity, opportunity, and quality of life. According to the contact, this region has seen a development boom of mostly market-rate housing and an increase in population, particularly foreign-born residents. The increase in population and increase in market-rate housing creates a need for affordable housing in the assessment area. Another issue the contact noted was the number of skilled laborers in the area who struggle to find work because they cannot speak English. In terms of banking needs, the contact identified deposit products that are less restrictive to obtain, have low or no overdraft fees, and provide ease for international money transfers, and loan products with a simple application process, alternative credit modeling for customers with no credit history, and tailoring to low-income individuals (lower-interest rates, downpayment assistance, and no PMI).

The second community contact was done with the executive director of an organization that focuses on economic development through work with small businesses. The contact did note that there has been an increase in lending to small businesses over the last three years. The contact further stated that access to capital and financial literacy resources are both needed to help small businesses grow and are the two biggest areas in which banks can contribute to small business success and economic development.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Brookline Bank's performance under the Lending Test is rated High Satisfactory, as the bank's performance is good. Lending levels reflect good responsiveness, and the distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. The geographic distribution of loans reflects adequate penetration. The bank exhibits a good record of serving the credit needs of low- and moderate-income individuals and areas and very small businesses. The bank is a leader in community development loans. The bank makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

The following information further details the data compiled and reviewed, as well as conclusions on the bank's performance.

Lending Activity

The bank demonstrates good responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area. During the evaluation period, the bank originated and/or purchased a total of 2,561 loans, which was comprised of 1,469 total HMDA loans and 1,092 total CRA small business loans. Of the loans in the assessment area, 1,257 were HMDA loans and 996 were small business loans. Year over year, total loan originations and/or purchases decreased significantly.

From 2021 to 2022, total loans decreased by 50.6 percent from 1,417 loans to 701 loans, primarily due to a drastic drop in small business loans after the end of PPP in 2021. Similarly, loans in the assessment area decreased by 52.8 percent from 1,269 loans in 2021 to 599 loans in 2022. From 2022 to 2023, total loans decreased another 36.8 percent to 443 loans, primarily due to a steep decline in HMDA loans. Likewise, loans in the assessment area declined by 35.7 percent to 385 loans in 2023.

Residential Lending

During the evaluation period, the bank's origination and/or purchases of residential loans decreased year over year. Total HMDA loans slightly decreased by 5.5 percent from 600 loans in 2021 to 567 loans in 2022 and significantly declined by 46.7 percent to 302 loans in 2023. Within the assessment area, HMDA loans decreased by 9.0 percent from 523 loans in 2021 to 476 loans in 2022 and significantly declined by 45.8 percent to 258 loans. In 2021, the bank ranked 55th of 622 HMDA reporters in the assessment area, which was in the 91st percentile for number of HMDA originations and/or purchases; in 2022, the bank ranked 36th of 609 HMDA reporters in the 94th percentile. HMDA loans substantially dropped in originations and/or purchases in 2023 due to the raising rate environment after historically low rates in the prior years. In 2023, the bank ranked 37th of 541 HMDA reporters in the 93rd percentile.

Small Business Lending

After the end of the SBA PPP, the bank's originations and/or purchases of CRA small business

loans resulted in a drastic drop by 83.6 percent from 817 loans in 2021 to 134 loans in 2022. From 2022 to 2023, CRA small business loans slightly increased by 5.2 percent to 141 loans. Similarly, CRA small business loans in the assessment area drastically decreased by 83.5 percent from 746 loans in 2021 to 123 loans in 2022, but slightly increased by 3.3 percent to 127 loans in 2023. In 2021, the bank ranked 23rd of 245 CRA reporters, which was in the 90th percentile for number of CRA small business originations and/or purchases; in 2022, the bank ranked 42nd of 196 CRA reporters in the 78th percentile; and in 2023, the bank ranked 43rd of 181 CRA reporters in the 76th percentile.

Distribution of Lending within the Assessment Area

This criterion evaluates the concentration of loans originated by the bank within its assessment area. Table 7 demonstrates a substantial majority of its loans are made in its assessment area. The following table presents the bank's levels of lending inside and outside the assessment area for the entire evaluation period.

Table 7								
Lending Inside and Outside the Assessment Area								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	546	87.6	115,920	87.2	77	12.4	17,076	12.8
Home Purchase	220	81.5	112,915	74.7	50	18.5	38,237	25.3
Multi-Family Housing	48	68.6	780,484	72.9	22	31.4	290,458	27.1
Refinancing	443	87.5	178,305	88.0	63	12.5	24,403	12.0
Total HMDA related	1,257	85.6	1,187,624	76.2	212	14.4	370,174	23.8
Small Business Total	996	91.2	169,942	87.0	96	8.8	25,356	13.0
Total	2,253	88.0	1,357,566	77.4	308	12.0	395,530	22.6

HMDA and small business for 2021, 2022, & 2023.

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

Residential Lending

Over the evaluation period, the bank originated 1,257 HMDA loans, or 85.6 percent, inside the assessment area. From 2021 to 2023, the bank's number of HMDA originations decreased over the evaluation period, while the percentage of HMDA loans made inside the assessment area slightly fluctuated year-to-year. In 2021, the bank originated 523 HMDA loans, or 87.2 percent, inside the assessment area. In 2022, the bank originated 476 HMDA loans, or 84.0 percent, inside the assessment area. In 2023, the bank originated 258 HMDA loans, or 85.4 percent, inside the assessment area.

The majority of each loan type was made inside assessment area, with 68.6 percent of multi-family housing and over 80.0 percent each of home improvements, home purchases, and refinance loans. By number, home improvement loans represented the largest share of loans originated and/or purchased inside the assessment area with 546 loans, followed by refinance loans with 443 originations and/or purchases, home purchases with 220 originations and/or purchases.

Small Business Lending

During the evaluation period, the bank originated and/or purchased 996 CRA small business loans, or 91.2 percent, inside the assessment area. Over the three years, the number of small business loans fluctuated while the percentage remained relatively stable inside the assessment area. By year, the bank made 746 CRA small business loans, or 91.3 percent, in 2021; 123 CRA small business loans, or 91.8 percent, in 2022; and 127 CRA small business loans, or 90.1 percent, in 2023. PPP loans represented the substantial majority of small business loans originated inside the assessment area in 2021.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The bank demonstrates an adequate geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment area.

Residential Lending

Table 8 provides 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 geographic distribution is adequate.

Table 8 Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	3	3.7	6.3	3,151	6.0	5.3	0	0.0	6.5	0	0.0	5.0	4.3
Moderate	6	7.4	17.0	2,218	4.2	13.1	5	9.8	16.7	2,849	11.1	12.5	15.4
Middle	19	23.5	34.7	7,729	14.8	28.7	10	19.6	32.7	3,823	15.0	25.9	36.5
Upper	53	65.4	40.9	39,210	75.0	51.8	35	68.6	42.7	18,356	71.8	55.2	43.0
Unknown	0	0.0	1.1	0	0.0	1.1	1	2.0	1.5	525	2.1	1.4	0.8
Total	81	100.0	100.0	52,308	100.0	100.0	51	100.0	100.0	25,553	100.0	100.0	100.0
Refinance Loans													
Low	6	3.8	6.0	2,294	3.6	5.4	2	2.4	6.5	703	2.2	5.9	4.3
Moderate	20	12.5	17.0	7,838	12.4	13.4	12	14.1	14.7	3,316	10.3	10.3	15.4
Middle	35	21.9	35.0	12,306	19.4	28.7	18	21.2	30.6	5,260	16.4	21.7	36.5
Upper	98	61.3	41.3	40,919	64.5	51.9	52	61.2	47.2	22,647	70.5	61.2	43.0
Unknown	1	0.6	0.7	100	0.2	0.7	1	1.2	1.0	200	0.6	1.0	0.8
Total	160	100.0	100.0	63,457	100.0	100.0	85	100.0	100.0	32,126	100.0	100.0	100.0
Home Improvement Loans													
Low	4	1.9	3.3	922	1.9	2.6	5	4.3	4.3	1,282	5.0	3.5	4.3
Moderate	17	7.9	12.5	2,222	4.5	9.0	8	6.8	12.7	950	3.7	8.3	15.4
Middle	66	30.6	37.0	12,292	24.8	29.8	47	40.2	37.0	7,432	29.1	27.8	36.5
Upper	126	58.3	46.7	33,439	67.6	58.1	56	47.9	45.5	15,637	61.2	59.8	43.0
Unknown	3	1.4	0.5	600	1.2	0.5	1	0.9	0.5	250	1.0	0.7	0.8
Total	216	100.0	100.0	49,475	100.0	100.0	117	100.0	100.0	25,551	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	2	10.5	21.0	16,469	3.2	16.6	1	20.0	25.0	1,900	6.8	18.7	14.6
Moderate	7	36.8	28.9	231,436	44.6	26.6	2	40.0	27.6	4,500	16.1	16.9	21.9
Middle	4	21.1	26.8	16,598	3.2	30.1	1	20.0	27.4	5,500	19.7	34.3	30.8
Upper	5	26.3	19.7	149,471	28.8	21.8	1	20.0	17.6	16,000	57.3	24.3	30.2
Unknown	1	5.3	3.6	104,750	20.2	4.9	0	0.0	2.4	0	0.0	5.9	2.5
Total	19	100.0	100.0	518,724	100.0	100.0	5	100.0	100.0	27,900	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	15	3.2	5.8	22,836	3.3	6.5	8	3.1	6.1	3,885	3.5	5.8	4.3
Moderate	50	10.5	16.3	243,714	35.6	14.4	27	10.5	15.2	11,615	10.5	11.7	15.4
Middle	124	26.1	35.0	48,925	7.2	28.7	76	29.5	32.4	22,015	19.8	25.1	36.5
Upper	282	59.2	42.0	263,039	38.5	48.9	144	55.8	45.0	72,640	65.4	55.8	43.0
Unknown	5	1.1	0.9	105,450	15.4	1.4	3	1.2	1.3	975	0.9	1.6	0.8
Total	476	100.0	100.0	683,964	100.0	100.0	258	100.0	100.0	111,130	100.0	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.													

In 2022, the bank originated and/or purchased 15 home mortgage loans, or 3.2 percent, in low-income census tracts and 50 loans, or 10.5 percent, in moderate-income census tracts. The bank's home mortgage lending percentage was 2.6 percentage points lower than the aggregate in low-income census tracts and 5.8 percentage points lower than the aggregate in moderate-income census tracts. In 2023, the bank originated and/or purchased 8 home mortgage loans, or 3.1 percent, in low-income census tracts and 27 loans, or 10.5 percent, in moderate-income census tracts. The bank's lending percentage was 3.0 percentage points lower than the aggregate in low-income census tracts and 4.7 percentage points lower than the aggregate in moderate-income census tracts. The bank's home mortgage lending in low- and moderate-income census tracts have remained stable since 2021.

For both 2022 and 2023, the bank's home mortgage lending percentages in low- and moderate-income census tracts were lower than the percentages of owner-occupied housing units in those tracts. The minimal owner-occupancy rates, particularly in low-income census tracts, indicate extremely limited opportunities to lend in these areas. Notably, however, the bank's percentage of multifamily loans in moderate-income census tracts exceeded the aggregate and demographics in both years. In 2022, the bank's 36.8 percent of multifamily loans in moderate-income census tracts exceeded the aggregate, at 28.9 percent and demographics, at 21.9 percent. In 2023, the bank's 40.0 percent of multifamily loans in moderate-income census tracts saw even greater improvement compared to the aggregate, at 27.6 percent.

The overall number of residential loan originations, in addition to the number of originations in low- and moderate-income census tracts, significantly decreased in 2023 due to market conditions and the high-interest rate environment. Between 2022 and 2023, the overall number of residential loan originations decreased by nearly half. Despite the changes in origination volume, the bank's percentile rank for originating and/or purchasing loans in low- and moderate-income census tracts has improved each year. In low-income census tracts the bank's percentile rank was 69th in 2021 45th in 2022, and 41st in 2023. In moderate-income census tracts, the bank's percentile rank was 73rd in 2021, 54th in 2022, and 43rd in 2023.

Small Business Lending

Table 9 represents the distribution of small business loans by census tract income level. The bank's geographic distribution of small business loans is good.

Table 9 Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	3	2.4	7.3	1,015	2.7	6.4	4	3.1	7.0	2,063	6.8	6.3	7.0
Moderate	30	24.4	17.3	10,751	28.1	16.0	24	18.9	17.2	7,060	23.3	16.1	15.2
Middle	40	32.5	33.0	11,811	30.9	33.4	53	41.7	32.7	11,057	36.5	33.6	32.7
Upper	47	38.2	40.6	13,877	36.3	42.3	44	34.6	41.3	9,287	30.7	42.0	43.5
Unknown	3	2.4	1.7	815	2.1	1.9	2	1.6	1.6	794	2.6	2.0	1.6
Total	123	100.0	100.0	38,269	100.0	100.0	127	100.0	100.0	30,261	100.0	100.0	100.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.													

In 2021, the bank originated 746 small business loans with 37, or 5.0 percent, in low-income census tracts and 90, or 12.1 percent, in moderate-income census tracts. With the end of the PPP, the bank's volume of small business lending decreased substantially in 2022 to 3 loans, or 2.4 percent, in low-income census tracts and 30 loans, or 24.4 percent, in moderate-income census tracts. The bank's overall volume of small business lending remained relatively stable from 2022 to 2023. In 2023, the bank originated 4 small business loans, or 3.1 percent, in low-income tracts and 24 loans, or 18.9 percent, in moderate-income census tracts. For both years, the bank's percentage of small business loans in low-income census tracts lagged the aggregate by 4.9 percent in 2022 and 3.9 percent in 2023, and the percentage of total businesses in low-income census tracts by 4.6 and 3.9 percentage points, respectively in 2022 and 2023. However, the bank's percentage of loans in moderate-income census tracts exceeded the aggregate by 7.1 percentage points in 2022 and 1.7 percent in 2023 and exceeded the percentage of total businesses in moderate-income census tracts by 9.2 percent in 2022 and 3.7 percent in 2023.

There were no conspicuous gaps in the bank's residential and small business loan penetration in low- and moderate-income census tracts during the evaluation period.

Borrowers' Profile

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The bank demonstrates a good distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank.

Residential Lending

Table 10 provides 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 table further outlines the bank's performance by loan type in comparison to the aggregate group. The bank's

performance in lending to individuals of different income levels, including low- and moderate-income borrowers, is good.

Table 10 Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level Assessment Area: Brookline AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	3	3.7	4.5	887	1.7	1.8	2	3.9	3.3	476	1.9	1.1	23.8
Moderate	6	7.4	15.5	1,034	2.0	9.3	5	9.8	12.2	970	3.8	6.5	16.1
Middle	16	19.8	20.6	6,492	12.4	16.3	14	27.5	19.3	4,387	17.2	14.2	19.0
Upper	49	60.5	43.6	28,287	54.1	54.6	26	51.0	39.8	16,491	64.5	46.9	41.1
Unknown	7	8.6	15.8	15,608	29.8	18.0	4	7.8	25.5	3,229	12.6	31.4	0.0
Total	81	100.0	100.0	52,308	100.0	100.0	51	100.0	100.0	25,553	100.0	100.0	100.0
Refinance Loans													
Low	15	9.4	10.1	2,446	3.9	5.2	7	8.2	7.2	1,064	3.3	2.9	23.8
Moderate	25	15.6	20.5	6,384	10.1	14.0	4	4.7	13.0	455	1.4	6.2	16.1
Middle	42	26.3	20.7	12,970	20.4	16.8	19	22.4	16.8	6,525	20.3	10.0	19.0
Upper	70	43.8	36.7	37,043	58.4	48.1	52	61.2	29.4	23,529	73.2	28.1	41.1
Unknown	8	5.0	12.0	4,614	7.3	15.9	3	3.5	33.6	553	1.7	52.8	0.0
Total	160	100.0	100.0	63,457	100.0	100.0	85	100.0	100.0	32,126	100.0	100.0	100.0
Home Improvement Loans													
Low	15	6.9	6.6	1,580	3.2	3.9	16	13.7	7.0	1,777	7.0	3.1	23.8
Moderate	34	15.7	17.0	3,967	8.0	10.8	24	20.5	17.4	2,818	11.0	8.8	16.1
Middle	49	22.7	25.3	9,011	18.2	19.0	32	27.4	23.2	6,329	24.8	14.9	19.0
Upper	116	53.7	48.5	34,706	70.1	58.3	45	38.5	44.1	14,627	57.2	47.5	41.1
Unknown	2	0.9	2.7	211	0.4	8.0	0	0.0	8.2	0	0.0	25.7	0.0
Total	216	100.0	100.0	49,475	100.0	100.0	117	100.0	100.0	25,551	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	33	7.2	6.6	4,913	3.0	2.9	25	9.9	4.7	3,317	4.0	1.5	23.8
Moderate	65	14.2	17.2	11,385	6.9	10.6	33	13.0	13.1	4,243	5.1	6.4	16.1
Middle	107	23.4	21.3	28,473	17.2	16.5	65	25.7	18.9	17,241	20.7	12.9	19.0
Upper	235	51.4	42.3	100,036	60.5	53.3	123	48.6	37.2	54,647	65.7	42.1	41.1
Unknown	17	3.7	12.5	20,433	12.4	16.7	7	2.8	26.1	3,782	4.5	37.1	0.0
Total	457	100.0	100.0	165,240	100.0	100.0	253	100.0	100.0	83,230	100.0	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.													

As displayed in Table 10, the bank extended 33 loans to low-income borrowers in 2022, representing 7.2 percent of total loans and exceeding the aggregate, at 6.6 percent. While the bank and aggregate were below the percentage of low-income families, at 23.8 percent, it is not expected that the bank would match the percentage of low-income families due to the relatively

high housing values as compared to MFIs. Affordability presents challenges for low-income families given the high median home values. The bank's loans to moderate-income borrowers, at 14.2 percent, fell below the aggregate and percentage of moderate-income families, at 17.2 percent and 16.1 percent, respectively. The bank's originations to middle-income borrowers, at 23.4 percent, exceeded both the aggregate and the percentage of middle-income families in 2022, while originations to upper-income borrowers, at 51.4 percent, exceeded the aggregate and percentage of upper-income families. The bank originated 17 loans, or 3.7 percent, in unknown-income census tracts, which trailed the aggregate's 12.5 percent. The bank's performance in 2021 was comparable to 2022 where it originated 31 loans, or 6.2 percent, to low-income borrowers and 62 loans, or 12.4 percent, to moderate-income borrowers. The aggregate originated 4.9 and 16.5 percent of its loans to low- and moderate-income borrowers, respectively.

In 2023, the bank extended 25 loans, or 9.9 percent, to low-income borrowers, which again exceeded the aggregate, at 4.7 percent. The bank's percentage was also below the percentage of low-income families; however, as discussed above, the bank is not expected to match the percentage of low-income families. The bank extended 33 loans, or 13.0 percent, to moderate-income borrowers, which was in line with the aggregate's 13.1 percent. The bank was able to extend 65 loans, or 25.7 percent, to middle-income borrowers, exceeding the aggregate, at 18.9 percent, and exceeding the percentage of middle-income families, at 19.0 percent. The largest percentage of the bank's loans, 123 or 48.6 percent, were made to upper-income borrowers. The bank's lending to upper-income borrowers exceeded the aggregate, at 37.2 percent, and the percentage of upper-income families, at 41.1 percent. The bank originated 7 loans, or 2.8 percent, in unknown-income census tracts, which trailed the aggregate, at 26.1 percent.

Brookline Bank makes use of innovative and/or flexible lending practices in serving the credit needs of its assessment area through its One Mortgage First Time Homebuyer Program (FTHP). The bank's FTHP offers first time homebuyers financing with lower down payments, reduced interest rates, and no mortgage insurance. As noted by the first community contact, there is a need for loan products that offer terms to help low-income buyers, which Brookline Bank's FTHP does. During the evaluation period Brookline Bank originated 24 loans, totaling \$10.8 million, as part of its FTHP program.

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 11 details the bank's lending to small businesses according to revenue size. The bank's performance in lending to businesses with GARs of \$1 million or less is good.

Table 11													
Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses													
Assessment Area: Brookline AA													
	Bank And Aggregate Loans By Year												Total Businesses %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	58	47.2	47.8	18,714	48.9	31.7	71	55.9	51.6	15,591	51.5	30.9	90.0
Over \$1 Million	43	35.0		14,964	39.1		45	35.4		13,687	45.2		9.3
Revenue Unknown	22	17.9		4,591	12.0		11	8.7		983	3.2		0.7
Total	123	100.0		38,269	100.0		127	100.0		30,261	100.0		100.0
By Loan Size													
\$100,000 or Less	33	26.8	95.0	1,769	4.6	45.2	54	42.5	95.7	2,819	9.3	49.1	
\$100,001 - \$250,000	36	29.3	2.8	6,685	17.5	15.4	34	26.8	2.5	5,855	19.3	15.1	
\$250,001 - \$1 Million	54	43.9	2.2	29,815	77.9	39.4	39	30.7	1.9	21,587	71.3	35.8	
Total	123	100.0	100.0	38,269	100.0	100.0	127	100.0	100.0	30,261	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	14	24.1		737	3.9		33	46.5		1,561	10.0		
\$100,001 - \$250,000	16	27.6		2,832	15.1		18	25.4		3,004	19.3		
\$250,001 - \$1 Million	28	48.3		15,145	80.9		20	28.2		11,026	70.7		
Total	58	100.0		18,714	100.0		71	100.0		15,591	100.0		
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

In 2021, the bank originated 56, or 7.5 percent, to businesses with GARs under \$1 million, 34, or 4.6 percent, to businesses with GARS over \$1 million, and 656, or 87.9 percent, to businesses with unknown revenues. The loans to businesses with unknown revenues primarily are PPP loans as businesses were not required to report revenues to secure a loan through this program. With the end of the PPP, the bank's volume of small business lending decreased substantially to its historic levels in 2022 and 2023.

As displayed in Table 11, in 2022, the bank was in line with the aggregate in extending small business loans to businesses with GARs under \$1 million. The bank originated 58 loans, or 47.2 percent, to businesses with GARs of \$1 million or less in 2022, with the aggregate at 47.8 percent. The bank exceeded the aggregate for the dollar amount of small business loans to

businesses with GARs under \$1 million with the bank at 48.9 percent and the aggregate at 31.7 percent, which shows the bank was responsive to the needs of small businesses. The table also provides a breakout of the bank's lending by loan size, as small-sized loans sometimes can serve to demonstrate a bank's willingness to meet the need of small businesses when the actual revenues of the businesses is unavailable. More than half of the bank's loans were below \$250,000, showing the bank succeeded in providing the small dollar loans needed by businesses.

In 2023, the number of loans the bank originated to businesses with GARs of \$1 million or less increased to 71, and the bank's percentages, both by number, 55.9 percent, and dollar amount, 51.6 percent, exceeded the aggregate, at 51.6 percent and 30.9 percent, respectively. As Table 10 shows, a combined 69.3 percent of the bank's loans by loan size were under \$250,000, indicating that the bank is helping to serve the needs of small businesses in the assessment area.

The bank demonstrates use of innovative and/or flexible loan programs to help meet the credit needs of small businesses. The following is a description of innovative and/or flexible lending programs offered by the bank:

- **SBA 504 Loan Program** - During the timeframe of this review, the bank originated 4 SBA 504 loans totaling \$2.4 million. The bank is responsible for \$1.3 million of that total. The 504 Loan Program provides long-term, fixed rate financing of up to \$5 million for major fixed assets that promote business growth and job creation. 504 loans are available through Certified Development Companies, SBA's community-based partners who regulate nonprofits and promote economic development within their communities. Certified Development Companies are certified and regulated by the SBA.
- **SBA Express Loan Program** - During the timeframe of this review, the bank made 50 SBA Express loans, totaling \$7.0 million. SBA Express loans are business loans that fall within the SBA's 7(a) loan program. This type of SBA loan can be used for a range of business purposes, including working capital or the purchase of equipment, real estate, or an existing business.

Community Development Lending Activities

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.

The bank demonstrates it is a leader in making community development loans. The bank originated 22 qualified community development loans, totaling \$286.2 million.⁴ Of these, there were 11 affordable housing loans for \$92.7 million, 6 economic development loans for \$15.8

⁴ Of the 22 qualified CD loans, two were participation loans with other institutions. The first loan received qualification for the entire \$100,237,000 with Brookline retaining \$20,237,000 million after origination due to participation from other financial institutions. The second loan was for \$104,750,000, with Brookline retaining \$24,750,000 after origination due to participation by other financial institutions. To reflect the percentage of affordable units in the subject property of this loan, \$16,147,233 was qualified.

million, 3 revitalization/stabilization loans for \$120.7 million, and 2 community service loans for \$57 million. The majority of the loans (20) and dollar amount (\$275.6 million) was within the bank's assessment area. A sampling of the bank's community development lending activity during the time period is provided below.

- In 2024, the bank originated a \$1.3 million loan to finance the acquisition of two buildings comprised of 10 units, all of which offer affordable rent.
- In 2024, the bank approved a \$3.4 million loan to a community-oriented institution and affordable housing developer for an affordable senior living community project.
- In 2023, the bank extended a \$1.8 million loan for the acquisition of two lodging houses, one of which provides 35 rooms for homeless individuals in the Boston area.
- In 2022, the bank originated a \$100 million participation for which the bank held \$20 million after the participations. The loan was used for the construction and development of a mixed-use building with 17 affordable housing units in a Qualified Opportunity Zone. A Qualified Opportunity Zone is an economically distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment, as determined by the Internal Revenue Service. These zones are designed to spur economic development and job creation in distressed communities.
- In 2022, the bank increased a line of credit from \$7.5 million to \$12 million to allow a Boston-area children's hospital to fund the purchase and renovation of a property that will provide inexpensive temporary housing for families of children receiving treatment.

Brookline Bank was able use its small business lending, SBA loan programs, and community development lending to provide access to capital for small businesses, which was noted by the second community contact as a need in the assessment area.

Overall, the bank exhibits a good record of serving the credit needs of highly economically disadvantaged areas in the bank's assessment area, low-income individuals, or businesses, with gross annual revenues of \$1 million or less, consistent with safe and sound operations.

INVESTMENT TEST

Brookline Bank's performance under the Investment Test is rated High Satisfactory. The Investment Test evaluates the institution's record of meeting the credit needs of its assessment area through its use of qualified investments⁵ 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 number and dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; 4) the degree to which the qualified investments are not routinely provided

⁵ A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

by private investors.

The bank demonstrates a significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position. The bank demonstrates significant use of innovative or complex qualified investments. The bank demonstrates good responsiveness to credit and community development needs.

The bank's overall investments totaled \$30,160,488, including \$26,688,668 in equity investments, \$1,478,540 in donations and grants, and \$1,993,280 in Interest on Lawyers' Trust Accounts (IOLTA). The IOLTA interest is given to the Massachusetts IOLTA Committee, which is a non-profit organization that helps provide legal assistance and services to low-income individuals in the state.

Equity Investments

As discussed above, the outstanding value of qualified equity investments during the examination totaled \$26,688,668. The bank received credit for a total of \$12,936,147 in new equity investments for this examination period. Both prior period and new equity investments are in the form of Low-Income Housing Tax Credits (LIHTCs) that support the creation and preservation of affordable housing, an identified community development need within the assessment area.

New Equity Investments

The bank committed \$12,936,147 in three new equity investments specifically benefiting the assessment area and the broader statewide area of Massachusetts and neighboring states:

- **MHIC Equity Fund XXVIII** – The bank acquired \$1,000,000 in LIHTCs that support low-income housing improvement projects within Massachusetts, including within the assessment area.
- **Mass Housing Equity Fund XXIX** - The bank committed \$2,000,000 to this Mass Housing Equity Fund. 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.
- **Lascana Homes of Orange** – This \$9,936,147 LIHTC supported an affordable housing project where 36 of the 46 units across 7 buildings are income-restricted.

Prior Period Equity Investments

The outstanding book value of 14 qualified LIHTCs made during previous examinations totaled \$13,752,521, examples of which include:

- \$5,137,022 in book value for the creation of 35 income-restricted apartments for people earning less than fifty percent of the area median income.

- \$149,732 in book value for the preservation and rehabilitation of 32 units of affordable housing for elderly and disabled residents.
- \$28,787 in book value for the acquisition and rehabilitation of a 128-unit single-occupancy rooms where most tenants are previously homeless or at immediate risk of homelessness.
- \$58,699 in book value for the renovation of three apartment buildings into 32 units of affordable housing.
- \$45,732 in book value towards the rehabilitation of 198 affordable housing units for the disabled and elderly.

Grants and Donations

Table 12 displays the bank and its charitable foundation's qualified grants and donations by year and community development purpose.

Table 12 Qualified Donations by Purpose								
Community Development Category	2022 (5/17/2022-12/31/2022)		2023		2024 YTD (thru 9/9/2024)		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	20	142,750	26	206,500	13	103,500	59	452,750
Community Services	46	243,665	96	441,550	71	286,875	213	972,090
Economic Development	0	0	2	10,600	1	37,500	3	48,100
Revitalization/Stabilization	2	3,100	1	2,500	0	0	3	5,600
Total	68	389,515	125	661,150	85	427,875	278	1,478,540

Bank provided qualified investment data.

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

BUILD.org – 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, grow a business, or start a new one, and how to secure seed capital. BUILD.org also offers students many opportunities to connect with the Boston business community to develop and refine their new skills and growing confidence.

Caritas Communities - Caritas Communities serves more than 1,000 citizens of Greater Boston who would otherwise not be able to afford housing. The organization enables those working at minimum wage jobs, veterans experiencing post-service challenges, and low-income elderly and disabled citizens to live in a clean, safe home that they can afford. A community contact cited affordable housing as a need in the assessment area.

Families First- Families First is committed to building an equitable future for children and families through parenting programs, parent leadership trainings, and community impact projects. Families First collaborations with strong community partners also provides parenting support through housing services and financial literacy training and assistance.

Heading Home Incorporated- Heading Home provides emergency shelter, transitional, and permanent housing for children and adults currently or formerly experiencing homelessness. Its mission is to end homelessness by providing a supported pathway to self-sufficiency that begins with a home combined with other skills including financial literacy and job training.

Triangle Incorporated- Triangle Incorporated empowers people with disabilities to enjoy fulfilling and independent lives through on-site employment opportunities, self-advocacy training, and community homes.

Waltham Alliance To Create Housing (WATCH) – This organization promotes affordable housing, provides adult education and leadership development, and empowers underrepresented residents through civic engagement all in the greater Waltham area. A community contact cited affordable housing as a need of the assessment area

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 13 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 13 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	11.5	11.1	0	0.0
Moderate	19.0	19.6	4	14.3
Middle	31.1	32.6	7	25.0
Upper	33.4	35.1	16	57.1
Unknown	4.9	1.5	1	3.6
Total	100.0	100.0	28	100.0

2015 ACS

Accessibility of Delivery Systems

The bank demonstrates its service delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area. As mentioned above, the bank operates 28 full-service locations. Sixteen of the branches are located in upper-income census tracts, 7 are in middle-income census tracts, 4 are in moderate-income census tracts, and 1 branch is located in an unknown-income census tract. The branches in moderate-income tracts are located in Waltham, Gloucester, and Medford (2). Furthermore, several of the bank's branches located in middle- and upper-income tracts 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, which provides customers with access to online banking, online bill pay, and eStatements 24 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. Telephone and mail banking options are available as well.

Brookline Bank offers the Aira service to blind and low-vision customers for free. Aira is a smartphone application service that connects blind and low-vision people to highly trained, remotely located agents who assist the customer with their banking tasks, including using an ATM, entering and moving around Brookline Bank offices, or navigating within the bank's online and mobile banking options.

Changes in Branch Locations

To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. In August 2024, the bank closed one branch located in an upper-income census tract in Newton Highlands, MA.

The bank demonstrates its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. While the bank's branch hours may vary slightly by location, all branches are open for at least seven hours Monday through Friday, with all branches

offering extended hours on Thursdays and Fridays. Additionally, each branch is open on Saturdays for at least three hours with the exception of the two branches located in Boston, neither of which are located in a low- or moderate-income tract. The bank maintains full-service ATMs at each branch location and a drive-thru at eleven of its locations, including two of its moderate-income branches. In addition, the bank operates 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 thousands of 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 and responsiveness of community development services.

The bank demonstrates it provides an adequate level of community development services. Brookline Bank's management and staff are 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 the bank's community development service activity:

Employee Services

- **Action, Inc.** – Action, Inc. provides for community needs in the Cape Ann region. Its services include fuel assistance and energy efficiency programs, housing assistance and homelessness prevention, job training and education, and affordable housing. A Brookline Bank employee serves on its board and its finance committee.
- **City of Chelsea-Affordable Housing Trust Fund Board** - A bank employee serves as a member of this board that is responsible for advising and assisting in the creation of new affordable housing as well as the preservation, rehabilitation, and maintenance of existing affordable housing in the City of Chelsea.
- **South Middlesex Opportunity Council, Inc. (SMOC)** – SMOC focuses on improving equity, wellness, and quality of life for individuals and families through advocacy and services, primarily focusing on affordable housing, childcare, job development, and ability to pay utility bills and transportation costs. The bank's senior vice president and CRA officer serves on the board of this organization.
- **Supportive Living, Inc.** – This is a non-profit organization that provides housing and services to individuals living with traumatic brain injuries. A prospective resident must be classified as very low-income and eligible for HUD and MassHealth programs. The president and CEO serves on the board of this organization.
- **Fenway Community Development Corporation (FCDC)** – The FCDC is a non-for-profit organization working to preserve the Fenway neighborhood as a vibrant and diverse neighborhood through the development of affordable housing and community

services that enrich the lives of low- and moderate- income people. The head of Community Development Finance provides expertise though membership on the Finance Committee.

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:

- **Families First** - Families First brings parents of young children together in their communities so they can strengthen their parenting knowledge, skills, and support systems. Several bank employees have taught financial literacy courses to participants at events hosted by this organization.
- **Early Investors, Inc.** - Early Investors, Inc. is a not-for-profit organization dedicated to inspire and enrich lives through financial empowerment. Since its inception, this organization has helped thousands of young, at-risk individuals in Massachusetts become better equipped to manage their finances. Several employees hosted various financial education seminars at Boston-area schools and mentored students towards careers in the financial services industry.
- **Local High Schools** – Bank employees have conducted financial literacy courses and job fairs at local high schools, two of which have high concentrations of students with low-income families (73 and 81 percent).
- **Network for Teaching Entrepreneurship (NFTE)** – The NFTE is an international nonprofit organization that provides entrepreneurship training and educational programs to middle and high school students, college students, and adults. Its mission is to empower young people from low-income communities to become economically productive members of society through entrepreneurship education. Several bank employees worked with NFTE to mentor and provide feedback to participants.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX

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