PUBLIC DISCLOSURE

February 10, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank Rhode Island
RSSD # 2434113

One Turks Head Place
Providence, Rhode Island 02903

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 Bank Rhode Island (BRI or the bank) with respect to the Lending, Investment, and Service Tests.

	BANK RHODE ISLAND		
	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-referenced table include:

Lending Test

- Lending levels reflect adequate responsiveness to credit needs in the bank's assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area.

- A high percentage of its loans are made in the bank's assessment area.

- The bank demonstrates an adequate geographic distribution of loans in its assessment area.

- BRI demonstrates a good distribution, particularly in the assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

- The bank exhibits a good record of serving the credit needs of low-income individuals and businesses with gross annual revenues of $1 million or less, consistent with safe and sound operations.

- The bank has made an adequate level of community development loans.

- The bank makes limited 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.

Investment Test

- The bank has a significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position.

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

- The bank makes occasional use of innovative or complex qualified investments.

Service Test

- BRI’s service-delivery systems are accessible to geographies and individuals of different income levels in its assessment area.

- To the extent changes have been made, the bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.

- BRI’s services (including where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.

- The bank provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

BRI is a state-chartered member bank of the Federal Reserve System. BRI is headquartered at One Turks Head Place, Providence, RI. The bank is a wholly-owned subsidiary of Brookline Bancorp, Inc., a holding company headquartered in Boston, MA, with two affiliates: Brookline Bank headquartered in Brookline, MA and First Ipswich Bank headquartered in Ipswich, MA. The bank has five subsidiaries, including an insurance subsidiary. Subsidiaries of BRI include Macrolease, a corporation based in Plainview, NY, which offers equipment finance loans for the fitness industry; Acorn Insurance Agency, Inc., a Rhode Island insurance agency that offers life, accident, and health insurance; BRI Community Investment Corporation, a domestic corporation that provides services and/or investment capital for low-income communities; BRI Realty Corporation, a company under BRI to engage in real estate business; and BRI Investment Corporation, a passive investment company that holds investment securities, mortgage loans, and mortgage loan participants.

In addition to the main office in Providence, the bank operates 19 branches in the following Rhode Island cities and towns: Coventry (1), Cranston (3), East Greenwich (1), East Providence (2), Johnston (1), Lincoln (1), Middletown (1), North Kingstown (1), Pawtucket (1), Providence (1 additional), Smithfield (1), Wakefield (1), Warwick (3), and Woonsocket (1). The bank has not opened or closed branches during the review period but did relocate its 1062 Centerville Road location in Warwick to 265 Jefferson Boulevard, which is also in Warwick, on February 26, 2018. Both the current and original branch locations are all located in middle-income census tracts. There are automated teller machines (ATMs) at the main office and each branch, as well as 19 additional standalone ATMs in Cranston (1), East Greenwich (1), Johnston (1), North Kingstown (1), Peacedale (1), Providence (7), Smithfield (1), Warwick (4), West Greenwich (1), and Westerly (1). All banking locations and ATMs are located within the Providence-Warwick, RI-MA Metropolitan Statistical Area (Providence MSA).

BRI offers traditional personal, business, and commercial banking products as well as investment services. Personal products and services include checking and savings accounts, fixed-rate mortgages, adjustable-rate mortgages, construction loans, home equity loans and lines of credit, online banking, and mobile banking. Business products and services include checking and savings accounts, lines of credit, term loans, business credit cards, and online banking. Commercial products and services include lines of credit, term loans, cash management, international trade services, equipment leasing, commercial mortgages, investment property financing, and construction lending and development.

In addition to its branch locations, customers have access to information on BRI's products and services and to online banking through the bank's website, www.bankri.com. The website includes information about personal, business, commercial, and investment products and services. Online banking allows customers to check balances and pay bills. BRI also provides financial calculators, branch and ATM locations, and loan rates through its website.

As of September 30, 2019, BRI's assets totaled $2.5 billion, with total deposits of $1.9 billion, and net loans and leases of $1.9 billion. This is an increase since the last examination in October 2017, when total assets were $2.2 billion, total deposits were $1.6 billion, and net loans and leases were $1.7 billion as of June 30, 2017. The resulting percentage increases were 12.8 percent for total assets, 14.3 percent for net loans and leases, and 12.8 percent for deposits. The bank experienced consistently stable growth each year in these areas during the time since the 2017 examination.

Refer to Table 1 for further information regarding the bank's loan portfolio as of September 30, 2019.

Table 1
Loan Distribution as of September 30, 2019

Loan Type	Dollar Amount $(000s)	Percent of Total Loans
Commercial RE	795,088	40.7
1-4 Family Residential	241,822	12.4
Multi-Family (5 or more) Residential	232,319	11.9
Revolving 1-4 Family Residential	109,546	5.6
Construction and Land Development	68,829	3.5
Total Real Estate Loans	**1,447,604**	**74.1**
Commercial and Industrial	438,398	22.4
Other	66,048	3.4
Consumer	1,066	0.5
Total Loans	**1,953,116**	**100.0**

Call Report as of September 30, 2019.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

As the data in Table 1 shows, BRI's lending is focused on real estate-secured loans, which comprise 74.1 percent of the loan portfolio. The bank is primarily a commercial lender, with 63.2 percent of loans in commercial real estate loans and commercial and industrial loans. Commercial real estate loans, which are typically collateralized by the properties used for the borrowers' businesses, such as office and retail buildings, are the largest loan type in the bank's loan portfolio, at 40.7 percent. Commercial and industrial loans comprise the second largest portion of the portfolio, at 22.4 percent. These loans have a business purpose and are either unsecured or secured by assets other than real estate.

The bank operates in a competitive environment for loans and deposits. BRI identifies its primary competitors for commercial banking as The Washington Trust Company of Westerly, Citizens Bank, N.A. (Citizens Bank), Bank of America, N.A. (Bank of America), and Santander Bank, N.A. (Santander); and, for deposits, Citizens Bank, Pawtucket Credit Union, and Centreville Bank.

In 2017, BRI ranked 14th out of 102 CRA reporters in the assessment area for small business loans; however, it should be noted that the top CRA lenders in the assessment area issue a greater volume of business credit cards, which inflates the lending numbers for these institutions. For example, American Express Bank, FSB (American Express) ranked first, Bank of America ranked second, and Citibank, N.A. ranked third, with Capital One Bank USA, N.A, Synchrony Bank, US Bank, N.A., and Chase Bank, USA, N.A. also in the top 10 of CRA reporters in the assessment area. In 2018, BRI ranked 14th out of 100 CRA reporters in the assessment area. As seen in the 2017 peer group, the top CRA reporters in 2018 are also large, national institutions that offer business credit cards. American Express and Bank of America again ranked first and second, respectively.

In 2017, the bank ranked 46th out of 355 Home Mortgage Disclosure Act (HMDA) reporters within the assessment area for home mortgage loans. Competitors for home mortgage loans within the assessment area include large national banks and mortgage companies, as well as regional banks, community banks, and credit unions. Coastway Community Bank (Coastway), which has since merged with and into HarborOne Bank in 2018, ranked first, Wells Fargo Bank, N.A. ranked second, and Citizens Bank ranked third. In 2018, the bank ranked 15th out of 350 HMDA reporters in the assessment area. Citizens Bank and Navigant Credit Union ranked first and second, respectively, while Pawtucket Credit Union and Coastway were third and fourth, respectively. The change in the reporting requirements for loan types in the 2018 HMDA data contributed to BRI's rank increase.

According to the Federal Deposit Insurance Corporation deposit market share report, as of June 30, 2019, there were 18 financial institutions offering deposit services within the bank's assessment area. These institutions combine for 217 deposit-taking locations in the assessment area. Competition for deposits included large national and community banks, as well as small community banks. BRI with its 20 locations ranked fourth, with 6.6 percent of the assessment area's deposit market share. Citizens Bank (35.8 percent and 66 locations) and Bank of America (24.5 percent and 28 locations) ranked first and second, respectively.

Financial capacity, legal impediments, local economic conditions, demographics, and market competition are all considered when examining the bank's CRA performance. BRI did not face any legal or financial impediments during the review period that would have prevented the bank from meeting the credit needs of its assessment area in a manner consistent with its asset size, business strategy, resources, and local economic conditions.

The prior CRA evaluation was conducted by the Federal Reserve Bank of Boston on October 16, 2017. The bank was rated "Satisfactory".

The CRA requires a financial institution to define an assessment area within which its CRA performance will be evaluated based upon where it focuses its lending efforts. The majority of the evaluation is based upon activity within the defined assessment area. BRI's assessment area consists of two whole counties, Kent County and Newport County, and the adjacent portions of two counties, the eastern sections of Providence County and Washington County. These partial counties are comprised of whole cities and towns. Newport County was added to the assessment area in January 2017, when the bank opened a branch in Middletown, RI. The cities and towns located in Kent County are Coventry, East Greenwich, Warwick, West Greenwich, and West Warwick. The cities and towns in Newport County are Jamestown, Little Compton, Middletown, Newport, Portsmouth, and Tiverton. The assessment area includes the cities and towns of Central Falls, Cranston, Cumberland, East Providence, Johnston, Lincoln, North Providence, North Smithfield, Pawtucket, Providence, Scituate, Smithfield, and Woonsocket in Providence County, which accounts for the largest portion of the bank's assessment area. BRI also includes the towns of Narragansett, North Kingstown, and South Kingstown in Washington County.

BRI has delineated its assessment area to include a portion (213 of 370 census tracts) of the Providence MSA. The Providence MSA is a multistate MSA consisting of five counties in Rhode Island and one county in Massachusetts. The assessment area consists of 213 census tracts, of which 32 (15.0 percent) are low-income, 34 (16.0 percent) are moderate-income, 84 (39.4 percent) are middle-income, 60 (28.2 percent) are upper-income, and 3 (1.4 percent) are unknown-income. The unknown-income census tracts represent T.F. Green Airport, the University of Rhode Island, and a predominantly commercial tract with a large cemetery.

Due to the update of demographic data in 2017, which used 2015 U.S. Census data, the assessment area gained 6 low-income census tracts, 1 middle-income census tract, 3 upper-income census tracts, and 1 unknown census tract; the assessment area lost 12 moderate-income census tracts.

In 2018, low- and moderate-income tracts are distributed by county as follows: Kent County (2), Newport County (2), Providence County (62), and Washington County (0). The majority of the assessment area's low- and moderate- income tracts are located in and around the city of Providence. Other low- and moderate-income areas within Providence County are located in the cities and towns of Johnston, East Providence, Pawtucket, Central Falls, and Woonsocket.

Relevant 2017 demographic data for the bank's assessment area is provided in Table 2. The 2018 demographics are similar to the 2017 demographics with only slight differences to the small business information.

Table 2
Assessment Area Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	32	15.0	27,489	12.4	8,994	32.7	55,236	25.0
Moderate-income	34	16.0	33,693	15.2	6,678	19.8	36,240	16.4
Middle-income	84	39.4	88,967	40.2	5,769	6.5	42,681	19.3
Upper-income	60	28.2	70,498	31.9	2,560	3.6	87,178	39.4
Unknown-income	3	1.4	688	0.3	184	26.7	0	0.0
Total Assessment Area	**213**	**100.0**	**221,335**	**100.0**	**24,185**	**10.9**	**221,335**	**100.0**

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	4,203	9.6	3,730	9.5	454	11.2	19	5.8
Moderate-income	6,726	15.4	5,785	14.7	888	22.0	53	16.3
Middle-income	16,619	38.0	15,054	38.2	1,447	35.8	118	36.3
Upper-income	15,814	36.1	14,502	36.8	1,194	29.6	118	36.3
Unknown-income	415	0.9	342	0.9	56	1.4	17	5.2
Total Assessment Area	**43,777**	**100.0**	**39,413**	**100.0**	**4,039**	**100.0**	**325**	**100.0**
	Percentage of Total Businesses:			**90.0**		**9.2**		**0.7**

2015 ACS and 2018 D&B data.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Housing

There are 401,175 housing units in the assessment area of which the majority, 81.0 percent, are 1-4 family housing, 18.1 percent have five or more units, and 0.9 percent are mobile homes. Housing unit statistics show an owner-occupancy rate of 51.8 percent, a rental rate of 37.4 percent, and a vacancy rate of 10.7 percent. These figures are in line with the housing statistics for the State of Rhode Island. At the county level, Kent County has the highest owner-occupancy rate (65.5 percent), while Providence County has the lowest (48.2 percent). Providence County also has the highest percentage of rental units (42.1 percent). Within low-income census tracts in the assessment area, only 21.1 percent of units are owner-occupied, while 64.3 percent are rental units, and 14.6 percent are vacant. These percentages indicate that there are limited opportunities for home ownership in the low-income census tracts, and similarly, that there are limited opportunities for financial institutions to originate home purchase loans in these census tracts. Similarly, in moderate-income census tracts, only 34.7 percent of units are owner-occupied, while 54.8 percent are rental units and 10.5 percent are vacant. Conversely, middle- and upper-income census tracts have owner-occupancy rates of 59.6 percent and 64.5 percent, respectively.

According to 2015 ACS Survey data, the median housing value in the assessment area is $228,458. However, recent sale prices for 1-4 family units and condominiums, which are displayed in Table 3, provide a more accurate reflection of the current housing market.

Table 3
Median Sales Price

Region	2017	2018	2019
Kent County	$214,000	$223,000	$235,000
Newport County	$370,000	$399,000	$390,000
Providence County	$210,000	$223,000	$235,950
Washington County	$310,000	$337,200	$337,500
Rhode Island	$230,000	$240,000	$257,000

2017-2019 The Warren Group data

Data from The Warren Group, Boston, MA, shows that the median sales price within the state of Rhode Island and Kent, Providence, and Washington counties increased from 2017 to 2019, while the median sales price in Newport County increased from 2017 to 2018, but decreased in 2019. Sales prices in Newport County and Washington County were higher than the state's median sales price, while Kent County and Providence County median sales prices were lower.

Business Characteristics

Based on 2018 Dun & Bradstreet, Short Hills, NJ (D&B) data, there are 43,777 businesses operating in the bank's assessment area, and 90.0 percent of these have revenues under $1 million. The majority of businesses are located in middle- and upper-income census tracts (38.0 percent and 36.1 percent, respectively). Only 9.6 percent of businesses are located in low-income census tracts and 15.4 percent in moderate-income census tracts. A small percentage of businesses, 0.9 percent, are located in the three unknown-income census tracts.

Providence is the capital and most populous city in Rhode Island and the bank's assessment area. Formerly a manufacturing center, Providence's economy is now driven by education and healthcare as evidenced by the top employers in the city, Brown University and Rhode Island Hospital. Furthermore, as the capital of the state, government services play a large part in the city's economy. Within Rhode Island, the largest employers are in the health care and social assistance, finance and insurance, and private education industries.

The November 2019 Beige Book from the Federal Reserve System provides further insight of the economic conditions affecting Rhode Island and, more broadly, New England. Economic activity experienced moderate or modest expansion through the third quarter of 2019, with both retailers and manufacturers mostly reporting increases in sales compared to the prior year. However, the looming threat of tariffs throughout the year contributed to concerns with the economic outlook. The labor market remained tight with a need for highly-skilled and trained labor, particularly in the manufacturing industry. Pricing has generally remained stable for goods, as well as office rents. Overall, commercial real estate activity was moderate in Providence. The residential real estate market generally improved in Rhode Island, except for condominiums, which saw flat sales and a decrease in inventory.

Population

The assessment area has a population of 919,948 individuals. Most individuals live in middle-income census tracts (38.5 percent), followed by upper-income census tracts (30.2 percent), moderate-income census tracts (16.3 percent), low-income census tracts (13.9 percent), and unknown-income census tracts (1.1 percent). This aligns with the distribution of census tracts by income in the bank's assessment area, as shown in Table 2. Based on 2018 FFIEC Census Data, the assessment area includes 358,071 households. The majority of households, 41.4 percent, are upper-income. Middle-income households represent 16.0 percent of the assessment area, while low- and moderate-income households represent 27.6 percent and 15.0 percent, respectively. The distribution of households in the assessment area is generally in line with the distribution throughout the state with a slightly higher percentage of low-income households in the assessment area as compared to the state. There are 221,335 families in the assessment area. Of these families, 39.4 percent are upper-income, 19.3 percent middle-income, 16.4 percent moderate-income, and 25.0 percent low-income. Within the assessment area, 10.9 percent of families are below the poverty line. The distribution of families in the assessment area is generally in line with the distribution throughout the state, with a slightly higher percentage in the assessment area of families in low-income census tracts.

Income

The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above. Based on FFIEC estimates, the MFI for the Providence MSA increased from $74,500 in 2017, to $80,600 in 2018, and to $85,100 in 2019.

Employment Statistics

National, regional, and local unemployment rates have steadily decreased over the examination period. According to the Rhode Island Department of Labor and Training, the state's unemployment rate was 3.6 percent in 2019, which is slightly higher than the unemployment rate for New England (3.1 percent), but below the unemployment rate for the United States (3.7 percent). The state unemployment rate has steadily decreased since the previous examination in October 2017, when the rate was 4.4 percent.

Table 4
Average Unemployment Rates (%)

Region	2017	2018	2019
Kent County	4.1	3.7	3.2
Newport County	3.9	3.5	3.1
Providence County	4.7	4.4	3.8
Washington County	4.0	3.6	3.2
Rhode Island	4.4	4.1	3.6
New England	3.9	3.5	3.1
United States	4.4	3.9	3.7

RI Department of Labor and Training (not seasonally adjusted)/US Bureau of Labor and Statistics

The unemployment rate by individual towns in the assessment area compared favorably to the Rhode Island rate; however, rates were higher in Pawtucket (3.7 percent) Central Falls (3.9 percent), and Providence (3.9 percent), where the majority of low- and moderate-income census tracts are located.

Table 5
Unemployment Rates (%) as of December 2019

City/Town	Unemployment Rate	City/Town	Unemployment Rate
Central Falls	3.9	North Providence	3.1
Coventry	3.0	North Smithfield	2.8
Cranston	3.0	Pawtucket	3.7
Cumberland	2.6	Portsmouth	2.8
East Greenwich	2.5	Providence	3.9
East Providence	3.5	Scituate	2.8
Jamestown	2.1	Smithfield	2.8
Johnston	3.3	South Kingstown	2.5
Lincoln	2.9	Tiverton	3.1
Little Compton	2.9	Warwick	2.9
Middletown	3.1	West Greenwich	3.2
Narragansett	2.3	West Warwick	3.6
Newport	2.8	Woonsocket	4.3
North Kingstown	2.6		

RI Department of Labor and Training (not seasonally adjusted)/US Bureau of Labor and Statistics

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. Three community contact interviews were used to support this evaluation.

The first community contact has over 25 years of experience with affordable housing and homeownership development, and is currently the executive director of an organization that develops and manages affordable housing in Pawtucket and Central Falls, RI. This contact stated that affordable housing is a need in the community, especially as home purchases by investors, following the news that a commuter rail station is opening in the area, have driven up home and rental prices. The contact indicated banks can support affordable housing and low- and moderate-income customers by fully funding the build or rehabilitation of affordable housing; being innovative and creative with loan products that feature, for example, reduced closing fees, no private mortgage insurance, down payment assistance, or waived appraisal fees; providing bilingual programs and products; and offering loan products to help with home repairs, particularly emergency home repairs where a customer needs money quickly. In addition, since the contact sees the top barriers to homeownership and home mortgage loans as poor credit, overextended credit, and student loan debt, banks should offer financial courses focusing on the importance of having good credit. Furthermore, the contact feels that banks should target borrowers that own and reside in deed-restricted houses, as this would support affordable housing, and because these borrowers are shown to be good customers.

A second community contact was conducted with the executive director of a housing organization that promotes the development of healthy, sustainable communities through housing services and community leadership. The organization has been developing, renovating, and providing rentals to low- and moderate-income residents in Providence and other communities in Providence County for nearly 50 years. The contact noted the need for home repair loans, affordable housing, and financial literacy that includes first time homebuyer classes, general financial wellbeing, long-term saving, and budgeting. Further, to preserve affordable rent for existing residents, the contact suggested financial institutions could offer loan products that impose restrictions on investor owners raising the rents of their properties for all or a part of the loan term. In addition, the contact stated that besides low- and moderate-income residents' needs, those of middle-income residents should also be addressed, as these individuals can also struggle with affording homeownership in the current market.

A third community contact was conducted with a nonprofit organization that provides human services, including energy assistance, childhood development, clinical care, education, and skills training to low- and moderate-income residents in 10 communities in Rhode Island. The representatives specifically identified financial literacy programs, affordable housing, and mortgage options that cater to the needs of local residents. The representative identified partnerships for workforce development through internships as opportunities for local financial institutions.

SCOPE OF EXAMINATION

Bank Rhode Island's performance review was based on CRA activities conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Large Institutions[1]. These procedures evaluate banks under three tests: the Lending Test, the Investment Test, and the Service Test.

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

The evaluation for this CRA performance review included HMDA and small business loans originated by the bank from January 1, 2017 through December 31, 2018. Data for small business lending was derived from the small business loan registers maintained by the bank pursuant to CRA data reporting requirements, which include information regarding originated commercial real estate and commercial and industrial loans with original loan amounts of $1 million or less. Home mortgage lending reviewed during the evaluation was obtained from Loan Application Registers (LARs), maintained by the bank pursuant to HMDA to record data for home purchase, home improvement loans, and refinance loans for one-to-four family and multi-family (five or more unit) properties. Changes in HMDA reporting requirements for 2018 included the determination of whether a loan is HMDA-reportable and also included new loan categories. Due to regulatory changes to the 2018 data reporting requirements, 2018 data will be analyzed separately from 2017. Further, examiners have excluded HMDA loans with a loan purpose of "other" from the analysis of 2018.

Based on the bank's Consolidated Report of Condition and Income (Call Report) as of September 30, 2019, the bank's loan portfolio was primarily distributed between commercial loans (78.6 percent) and residential real estate (18.0 percent). As commercial lending represents a larger portion of the bank's portfolio, small business lending has been be given additional weight from a quantitative perspective when arriving at overall conclusions under the Lending Test. While both the number and dollar volume of the bank's residential loans were reviewed, the number of originations was weighted more heavily than the dollar volume, as the number of loans originated is more indicative of loan demand.

[1] "Large institutions" are banks or savings associations with assets of at least $1.305 billion as of December 31 of both of the prior two calendar years.

The bank's loan data was compared with applicable aggregate and market data. The 2017 aggregate data for residential lending was obtained from the FFIEC's HMDA data, while the 2018 aggregate data for residential lending was obtained from the Consumer Financial Protection Bureau (CFPB). Aggregate data consists of lending information from all HMDA reporters that originated or purchased home mortgage loans in the bank's assessment area. Residential market and demographic data was derived from 2015 American Community Survey (ACS) data, unless otherwise noted. As mentioned, HMDA reporting requirement changed in 2018, therefore, loans with a purpose of "other" were excluded from the 2018 aggregate data. Further, as the bank has not originated any loans with a purpose of "not applicable," they were also excluded from the HMDA aggregate. Aggregate data for small business lending was obtained from data reported to the FFIEC as required by the CRA. Market data for small business lending was obtained from D&B. All data was the most recent available as of the examination date. Information for 2017 and 2018 is reported in tables unless otherwise noted.

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

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

BRI's performance under the Lending Test is rated Low Satisfactory.

Lending levels reflect adequate responsiveness to credit needs in the bank's assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area. A high percentage of loans are made in BRI's assessment area. The bank demonstrates an adequate geographic distribution of loans in its assessment area.
BRI demonstrates a good distribution, particularly in the assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank. The bank exhibits an adequate record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses with gross annual revenues of $1 million or less, consistent with safe and sound operations. The bank made an adequate level of community development loans. The bank makes limited 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 following information further details the data compiled and reviewed, as well as conclusions on the bank's performance.

Lending Activity

This criterion evaluates the number and amount of the bank's home mortgage and small business loans. Lending levels reflect adequate responsiveness to credit needs in the bank's assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area. BRI originated 678 small business loans in total for 2017 and 2018. Small business lending remained consistent over this period, with 355 loans in 2017 and 323 in 2018. BRI ranked 14th out of 100 small business lenders in 2017, and 14th out of 102 in 2018. There were 205 home mortgage loans originated in 2017, and 479 in 2018. The increase in home mortgage loans was primarily due to a change in the HMDA reporting requirements, which resulted in more loans, including home equity lines of credit, being reported by the bank. During this same period, BRI's rank as a HMDA-reporter went from 46th out of 355 in 2017, to 15th out of 350 in 2018 as a result of the HMDA-reporting changes.

Distribution of Lending within the Assessment Area

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

Table 6
Lending Inside and Outside the Assessment Area

2017 Loan Type	Inside				Outside				Total	
	#	%	$(000's)	%	#	%	$(000's)	%	#	$(000's)
Home Improvement	36	78.3	$12,003	92.9	10	21.7	$922	7.1	46	$12,925
Home Purchase	38	73.1	$12,062	69.2	14	26.9	$5,377	30.8	52	$17,439
Multifamily Housing	16	84.2	$27,189	92	3	15.8	$2,359	8	19	$29,548
Refinancing	75	85.2	$19,265	88.4	13	14.8	$2,539	11.6	88	$21,804
Residential Total	**165**	**80.5**	**$70,519**	**86.3**	**40**	**19.5**	**$11,197**	**13.7**	**205**	**$81,716**
Small Business	288	81.1	$68,423	73.6	67	18.9	$24,593	26.4	355	$93,016
Small Business Total	**288**	**81.1**	**$68,423**	**73.6**	**67**	**18.9**	**$24,593**	**26.4**	**355**	**$93,106**
Total 2017	**453**	**80.9**	**$138,942**	**79.5**	**107**	**19.1**	**$35,790**	**20.5**	**560**	**$174,822**
2018 Loan Type	Inside				Outside				Total	
	#	%	$(000's)	%	#	%	$(000's)	%	#	$(000's)
Home Purchase	75	85.2	$23,309	76.4	13	14.8	$7,213	23.6	88	$30,522
Home Improvement	98	89.1	$9,952	91.5	12	10.9	$924	8.5	110	$10,876
Multifamily Housing	36	87.8	$65,703	87	5	12.2	$9,811	13	41	$75,514
Refinancing	201	83.8	$37,412	79.4	39	16.3	$9,711	20.6	240	$47,123
Residential Total	**410**	**85.6**	**$136,376**	**82.9**	**69**	**14.6**	**$27,659**	**17.1**	**479**	**$164,035**
Small Business	264	81.7	$74,101	74.2	59	18.3	$25,779	25.8	323	$99,880
Small Business Total	**264**	**81.7**	**$74,101**	**74.2**	**59**	**18.3**	**$25,779**	**25.8**	**323**	**$99,880**
Total 2018	**674**	**84.0**	**$210,477**	**79.8**	**128**	**16.0**	**$53,438**	**20.2**	**802**	**$263,915**

HMDA and Small Business data January 1, 2017 through December 31, 2018; Small Business data is bank provided.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.
The table above excludes 2018 bank loans with a purpose of 'other'.

Small Business Lending

BRI originated a high percentage of its small business loans in its assessment area. During the evaluation period, the bank originated a total of 678 small business loans. As shown in Table 6 above, 288 small business loans, or 81.1 percent, were originated in the assessment area in 2017, while 264 small business loans, or 81.7 percent, were originated in the assessment area in 2018. This demonstrates a consistent pattern by the bank of originating small business loans within its assessment area.

Residential Lending

The bank made a high percentage of HMDA loans inside the assessment area during the review period. As shown in Table 6, the bank made a total of 205 residential loans in 2017. Of these loans, 80.5 percent by number and 86.3 percent by dollar volume were inside the assessment area, with refinance loans (85.2 percent) and multi-family housing loans (84.2 percent) comprising the largest percentages by number. In 2018, with the revised HMDA regulations altering the types of reportable loans, BRI originated 410 residential loans with 85.6 percent by number and 82.9 percent by dollar volume were inside the assessment area. Home improvement loans and multifamily housing had the largest percentages with 89.1 percent and 87.8 percent, respectively.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. Overall, the bank demonstrates an adequate geographic distribution of loans in its assessment area. Specifically, there is a good dispersion of small business lending throughout the assessment area, although BRI's performance in 2018 shifted closer to the aggregate's performance, which with an adequate dispersion of residential lending results in an overall adequate distribution of loans.

Small Business Lending

Table 10 represents the distribution of small business loans by census tract income level.

Table 7
Geographic Distribution of Small Business Loans

Tract Income Level	Bank and Aggregate Lending Comparison							
	2017				2018			
	Total Businesses	Count			Total Businesses	Count		
		Bank		Agg		Bank		Agg
	%	#	%	%	%	#	%	%
Low	9.2%	25	8.7%	9.0%	9.6%	27	10.2%	9.2%
Moderate	15.1%	62	21.5%	15.8%	15.4%	50	18.9%	16.0%
Middle	38.0%	111	38.5%	37.5%	38.0%	115	43.6%	36.5%
Upper	36.8%	89	30.9%	37.0%	36.1%	72	27.3%	37.6%
Unknown	0.9%	1	0.3%	0.7%	0.9%	0	0.0%	0.7%
Total	**100.0%**	**288**	**100.0%**	**100.0%**	**100.0%**	**264**	**100.0%**	**100.0%**

D&B 2017&2018. CRA data for 2017 and 2018.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In both 2017 and 2018, the bank's small business lending in low-income census tracts was in line with the aggregate's lending and the demographic indicator for the percentage of total businesses in low-income census tracts. BRI originated 8.7 percent of its small business loans in low-income census tracts in 2017 and 10.2 percent in 2018, while the aggregate originated 9.0 percent and 9.2 percent, respectively. The total percentages of businesses in low-income tracts for 2017 and 2018 were 9.2 percent and 9.6 percent, respectively.

In 2017, BRI originated 21.5 percent of its small business lending in moderate-income census tracts and exceeded both the aggregate's lending, which was 15.8 percent, and the demographic indicator for the percentage of total businesses in moderate-income census tracts, which was 15.1 percent. Similarly, in 2018, the bank made a higher percentage of small business loans in moderate-income census tracts, 18.9 percent, than the aggregate, which made 16.0 percent of its small business loans in these tracts, and the demographic indicator, which was 15.4 percent of total businesses in moderate-income census tracts.

BRI originated the largest percentage of its small business lending in middle-income census tracts in both 2017 and 2018. In 2017, the bank originated 38.5 percent of its small business loans in middle-income census tracts, which is in line with the aggregate's 37.5 percent and the total percentage of businesses in middle-income census tracts, which was 38.0 percent. In 2018, the bank originated 43.6 percent of its small business loans in these tracts. This exceeded both the aggregate's percentage of lending in middle-income census tracts, which was 36.5 percent, and the total percentage of businesses in middle-income census tracts, which was 38.0 percent. In both 2017 and 2018, the bank's percentages of small business loans originated in upper-income census tracts were 30.9 percent and 27.3 percent, respectively. These were below the demographic indicator for total percentage of businesses in upper-income census tracts, which was 36.8 percent for 2017 and 36.1 percent for 2018, and below the aggregate's lending rate in these tracts, which was 37.0 percent and 37.6 percent, respectively.

Through this performance, the bank demonstrates good dispersion of small business lending throughout the assessment area.

Residential Lending

Tables 8 and 9 provide a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area.

Table 8
2017 Geographic Distribution of HMDA Loans

PRODUCT TYPE	Tract Income Levels	Owner Occupied Units	Bank & Aggregate Lending Comparison					
			Count			Dollar		
			Bank		Agg	Bank		Agg
		%	#	%	%	$ (000s)	$ %	$ %
HOME PURCHASE	Low	5.4%	1	2.6%	7.2%	$226	1.9%	5.1%
	Moderate	10.7%	6	15.8%	13.0%	$416	3.4%	9.7%
	Middle	45.3%	12	31.6%	45.7%	$1,805	15.0%	39.2%
	Upper	38.4%	18	47.4%	33.5%	$9,285	77.0%	45.3%
	Unknown	0.3%	1	2.6%	0.5%	$330	2.7%	0.6%
	Total	*100.0%*	*38*	*100.0%*	*100.0%*	*$12,062*	*100.0%*	*100.0%*
REFINANCE	Low	5.4%	5	6.7%	5.1%	$799	4.1%	3.7%
	Moderate	10.7%	7	9.3%	10.5%	$979	5.1%	8.1%
	Middle	45.3%	30	40.0%	45.3%	$5,052	26.2%	38.0%
	Upper	38.4%	33	44.0%	38.9%	$12,435	64.5%	49.9%
	Unknown	0.3%	0	0.0%	0.2%	$0	0.0%	0.3%
	Total	*100.0%*	*75*	*100.0%*	*100.0%*	*$19,265*	*100.0%*	*100.0%*
HOME IMPROVEMENT	Low	5.4%	0	0.0%	4.7%	$0	0.0%	2.8%
	Moderate	10.7%	4	11.1%	11.9%	$2,161	18.0%	7.4%
	Middle	45.3%	14	38.9%	41.9%	$5,075	42.3%	32.3%
	Upper	38.4%	18	50.0%	41.5%	$4,767	39.7%	57.3%
	Unknown	0.3%	0	0.0%	0.1%	$0	0.0%	0.2%
	Total	*100.0%*	*36*	*100.0%*	*100.0%*	*$12,003*	*100.0%*	*100.0%*
MULTI FAMILY*	Low	20.2%	1	6.3%	32.7%	$4,500	16.6%	22.5%
	Moderate	19.8%	3	18.8%	28.5%	$13,576	49.9%	23.7%
	Middle	38.5%	3	18.8%	25.1%	$2,912	10.7%	31.6%
	Upper	20.1%	8	50.0%	12.9%	$5,301	19.5%	20.4%
	Unknown	1.3%	1	6.3%	0.8%	$900	3.3%	1.8%
	Total	*100.0%*	*16*	*100.0%*	*100.0%*	*$27,189*	*100.0%*	*100.0%*
HMDA TOTALS	Low	5.4%	7	4.2%	6.7%	$5,525	7.8%	5.8%
	Moderate	10.7%	20	12.1%	12.2%	$17,132	24.3%	10.1%
	Middle	45.3%	59	35.8%	45.1%	$14,844	21.0%	38.2%
	Upper	38.4%	77	46.7%	35.6%	$31,788	45.1%	45.4%
	Unknown	0.3%	2	1.2%	0.4%	$1,230	1.7%	0.6%
	Total	*100.0%*	*165*	*100.0%*	*100.0%*	*$70,519*	*100.0%*	*100.0%*

**Distribution of multifamily units by census tract income*
2015 ACS, 2017 Aggregate HMDA Data, 2017 HMDA LARs.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

BRI originated 4.2 percent of its residential mortgage loans in low-income census tracts in 2017. This is slightly below the aggregate's percentage, which was 6.7 percent. By product type, the bank's residential mortgage lending in low-income tracts was below the aggregate for home purchase, home improvement, and multifamily loans, and the bank exceeded the aggregate for refinance loans. This is considered reasonable performance as there are limited lending opportunities for originating residential mortgage loans in low-income census tracts within the bank's assessment area. Only 5.4 percent of the assessment area's owner-occupied units are in low-income census tracts. As discussed previously, 21.1 percent of units in low-income census tracts are owner-occupied, while 64.3 percent are rental units, and 14.6 percent are vacant. In addition, while only 13.2 percent of the total households in the assessment area are in low-income census tracts, 29.4 percent of the assessment area's households earning below the poverty level are in these census tracts. This further demonstrates the difficulty banks encounter in originating loans to eligible borrowers in low-income census tracts. Finally, with over 355 different lenders originating or purchasing a residential mortgage loan in the assessment area in 2017, the limited number of available loans are spread out over the large number of financial institutions operating within the bank's assessment area.

The bank made 12.1 percent of its residential mortgage loans by number in moderate-income census tracts in 2017. BRI's lending to borrowers in moderate-income census tracts was above the percentage of owner-occupied units in the assessment area's moderate-income census tracts, which was 10.7 percent, and in line with the aggregate's percentage of residential mortgage loans in these tracts, which was 12.2 percent. By product type in moderate-income census tracts, the bank exceeded the aggregate by number with home purchase loans. BRI was slightly below the aggregate's performance with refinance and home improvement loans. The aggregate exceeded the bank's performance with multifamily loans in moderate-income census tracts.

The bank's performance in middle- and upper-income census tracts in 2017 was adequate. BRI, with 35.8 percent of its residential mortgage lending in middle-income census tracts, was slightly below the demographic indicators and aggregate performance for these tracts, where 45.3 percent of owner-occupied units are located and the aggregate originated 45.1 percent of its residential mortgages. However, with 46.7 percent of its residential mortgage originations in upper-income census tracts, the bank's performance was above the demographic indicator for owner-occupied units, which was 38.4 percent, and the aggregate's percentage of residential mortgage loans in upper-income census tracts, which was 35.6 percent.

BRI made a small number of loans in the unknown-income census tracts where its performance was in line with demographic indicators and aggregate lending.

Table 9
2018 Geographic Distribution of HMDA Loans

PRODUCT TYPE	Tract Income Levels	Owner Occupied Units	Bank & Aggregate Lending Comparison					
			Count			Dollar		
			Bank		Agg	Bank		Agg
		%	#	%	%	$ (000s)	$ %	$ %
HOME PURCHASE	Low	5.4%	2	2.7%	7.4%	$423	1.8%	5.6%
	Moderate	10.7%	5	6.7%	12.9%	$640	2.7%	10.1%
	Middle	45.3%	29	38.7%	44.6%	$7,187	30.8%	37.8%
	Upper	38.4%	37	49.3%	34.7%	$14,710	63.1%	46.0%
	Unknown	0.3%	2	2.7%	0.4%	$349	1.5%	50.0%
	Total	*100.0%*	*75*	*100.0%*	*100.0%*	*$23,309*	*100.0%*	*100.0%*
REFINANCE	Low	5.4%	5	2.5%	4.9%	$743	2.0%	3.8%
	Moderate	10.7%	17	8.5%	9.9%	$2,286	6.1%	7.9%
	Middle	45.3%	92	45.8%	43.9%	$11,598	31.0%	36.4%
	Upper	38.4%	87	43.3%	40.9%	$22,785	60.9%	51.3%
	Unknown	0.3%	0	0.0%	0.3%	$0	0.0%	0.5%
	Total	*100.0%*	*201*	*100.0%*	*100.0%*	*$37,412*	*100.0%*	*100.0%*
HOME IMPROVEMENT	Low	5.4%	4	4.1%	3.8%	$609	6.1%	3.3%
	Moderate	10.7%	13	13.3%	9.2%	$693	7.0%	6.8%
	Middle	45.3%	45	45.9%	42.6%	$3,609	36.3%	34.6%
	Upper	38.4%	36	36.7%	44.2%	$5,041	50.7%	55.1%
	Unknown	0.3%	0	0.0%	0.2%	$0	0.0%	0.3%
	Total	*100.0%*	*98*	*100.0%*	*100.0%*	*$9,952*	*100.0%*	*100.0%*
MULTI FAMILY*	Low	20.2%	9	25.0%	35.7%	$26,528	40.4%	19.6%
	Moderate	19.8%	7	19.4%	20.4%	$5,323	8.1%	21.6%
	Middle	38.5%	10	27.8%	27.6%	$15,120	23.0%	42.1%
	Upper	20.1%	8	22.2%	14.9%	$17,657	26.9%	15.7%
	Unknown	1.3%	2	5.6%	1.4%	$1,075	1.6%	1.0%
	Total	*100.0%*	*36*	*100.0%*	*100.0%*	*$65,703*	*100.0%*	*100.0%*
HMDA TOTALS	Low	5.4%	20	4.9%	6.5%	$28,303	20.8%	6.4%
	Moderate	10.7%	42	10.2%	11.5%	$8,942	6.6%	10.5%
	Middle	45.3%	176	42.9%	44.0%	$37,514	27.5%	37.7%
	Upper	38.4%	168	41.0%	37.6%	$60,193	44.1%	44.8%
	Unknown	0.3%	4	1.0%	0.4%	$1,424	1.0%	0.5%
	Total	*100.0%*	*410*	*100.0%*	*100.0%*	*$136,376*	*100.0%*	*100.0%*

**Distribution of multifamily units by census tract income*
2015 ACS, 2018 Aggregate HMDA Data, 2018 HMDA LARs.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2018, BRI originated 4.9 percent of its residential mortgage loans in low-income census tracts, which was slightly below the aggregate's[2] percentage of 6.5 percent. By product type, the

[2] *Aggregate percentages displayed in the table above may differ slightly from publically available data as examiners have excluded "other" loans and "NA" purpose loans.*

bank's residential mortgage lending in low-income tracts was below the aggregate for home purchase, refinance, and multifamily loans, and the bank exceeded the aggregate for home improvement loans. As discussed above, this is considered reasonable performance as there are limited lending opportunities for originating residential mortgage loans in low-income census tracts within the bank's assessment area based on the home ownership and poverty rates in low-income census tracts, and a competitive environment with over 350 different lenders originating or purchasing a residential mortgage loan in the assessment area in 2018.

The bank made 10.2 percent of its residential mortgage loans by number in moderate-income census tracts in 2018. BRI's lending to borrowers in moderate-income census tracts was slightly below the percentage of owner-occupied units in the assessment area's moderate-income census tracts, which was 10.7 percent, and slightly below the aggregate's percentage of residential mortgage loans in these tracts, which was 11.5 percent. By product type in moderate-income census tracts, the bank exceeded the aggregate by number with home improvement loans. BRI was slightly below the aggregate's performance with refinance and multifamily loans. The aggregate exceeded the bank's performance with home purchase loans in moderate-income census tracts.

The bank's performance in middle- and upper-income census tracts in 2018 was adequate. BRI, with 42.9 percent of its residential mortgage lending in middle-income census tracts, was in line with the demographic indicators and aggregate performance for these tracts, where 45.3 percent of owner-occupied units are located and the aggregate originated 44.0 percent of its residential mortgages. BRI's residential mortgage lending in upper-income census tracts was also in line with demographic indicators and aggregate performance. BRI and the aggregate originated 41.0 percent and 37.6 percent of their residential mortgage loans in upper-income census tracts, respectively, where 38.4 percent of owner-occupied units were.

Similar to 2017, BRI made a small number of loans in the unknown-income census tracts where its performance was in line with demographic indicators and aggregate lending.

Overall, the geographic distribution of loans in 2017 and 2018 reflects adequate dispersion among census tracts of different income levels, including low- and moderate-income levels, particularly as BRI operates in a competitive environment, and low- and moderate-income census tracts contain only 5.4 percent and 10.7 percent of the assessment area's owner-occupied units, respectively.

There were no conspicuous gaps in lending in the low- and moderate-income census tracts. While not all census tracts were penetrated, there were no patterns or groupings of census tracts with no penetration that were considered unreasonable. Within the assessment area, there are 32 low-income census tracts and 34 moderate-income census tracts based on the 2015 ACS data. Through review of full-year residential mortgage and small business data for 2017 and 2018, the bank made loans in 29 of the 32 low-income census tracts, and in 29 of the 34 moderate-income census tracts in its assessment area. Only eight low- or moderate-income census tracts were not penetrated during the evaluation period: three moderate-income census tracts in Pawtucket, one low-income census tract in Newport, two low-income census tracts in Providence, and two moderate-income census tracts in Providence.

Borrower Profile

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. Overall, BRI demonstrates a good distribution, particularly in the assessment area, of loans to businesses of different sizes and loans among individuals of different income levels, given the product lines offered by the bank. The bank shows a good record of meeting the credit needs of small businesses with gross annual revenues of $1 million or less and an adequate record of serving the credit needs of low-income individuals, consistent with safe and sound operations. Of note, BRI has improved its small business lending in 2018 and exceeded the aggregate. In addition, although the number of programs are limited, BRI makes use of flexible and innovative lending through its Small Business Administration (SBA) lending, in which it is routinely a top lender in Rhode Island, and through its first-time homebuyer program. In light of these factors, the overall lending to borrowers evidences a good distribution.

Small Business Lending

The bank's small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 7 details the bank's lending to small businesses according to revenue size.

Table 10
Small Business by Revenue Size

Business Revenue	Bank and Aggregate Lending Comparison							
	2017				2018			
	Total Businesses	Count			Total Businesses	Count		
		Bank		Agg		Bank		Agg
	%	#	%	%	%	#	%	%
$1 Million or Less	88.3%	130	45.1%	45.2%	90.0%	145	54.9%	39.4%
Over $1 Million	11.1%	124	43.1%		9.2%	109	41.3%	
Total Rev. available	99.4%	254	88.2%		99.2%	254	96.2%	
Rev. Not Known	0.6%	34	11.8%		0.7%	10	3.8%	
Total	100.0%	288	100.0%		100.0%	264	100.0%	

D&B 2017 &2018. CRA data for 2017 and 2018.
Total percentages shown may vary by 0.1 percent due to automated rounding differences

As illustrated in the above table, in 2017 BRI originated 288 small business loans, a significant percentage of which, at 45.1 percent, were to businesses with revenues of $1 million or less. In 2018, the number of small business loans was 264, however BRI originated a larger percentage, 54.9 percent, of loans to businesses with gross annual revenues of $1 million or less. While the 2017 and 2018 percentages of businesses in the assessment area with gross annual revenues less than $1 million were 88.3 percent and 90.0 percent, respectively, this does not necessarily indicate loan demand at this level. As such, the bank's performance is compared to the aggregate small business lenders in the assessment area. The bank originated a similar percentage of small business loans to the aggregate in 2017 when the bank originated 45.1 percent and the aggregate originated 45.2 percent of their small business loans to business with revenues less than $1 million. The following year, BRI exceeded the aggregate by originating 54.9 percent of its small business loans to businesses with revenues less than $1 million while the aggregate was at 39.4 percent.

BRI uses flexible financing options to its small business customers by participating in the SBA 7(a) and 504 programs. The 7(a) program offers financing for small businesses to establish a new business or to assist in the acquisition, operation, or expansion of an existing business. The 504 program provides financing for major fixed assets such as equipment and real estate. During the evaluation period, the bank originated 29 loans under these programs for approximately $8.9 million, all of which were incorporated into the bank's small business lending analysis. In the past two reporting periods, BRI has ranked in the top three for Rhode Island SBA lenders.

As such, the bank demonstrated good distribution to and a good record of serving the credit needs of small businesses.

Residential Lending

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

Table 11 2017 Borrower Distribution of HMDA Loans								
PRODUCT TYPE	Borrower Income Levels	Families by Family Income	Bank & Aggregate Lending Comparison					
			Count			Dollar		
			Bank		Agg	Bank		Agg
		%	#	%	%	$ (000s)	$ %	$ %
HOME PURCHASE	Low	25.0%	1	2.6%	4.7%	$111	0.9%	2.6%
	Moderate	16.4%	5	13.2%	23.0%	$944	7.8%	16.5%
	Middle	19.3%	5	13.2%	24.9%	$785	6.5%	21.7%
	Upper	39.4%	21	55.3%	32.6%	$7,291	60.4%	44.6%
	Unknown	0.0%	6	15.8%	14.8%	$2,931	24.3%	14.7%
	Total	*100.0%*	*38*	*100.0%*	*100.0%*	*$12,062*	*100.0%*	*100.0%*
REFINANCE	Low	25.0%	5	6.7%	6.2%	$403	2.1%	3.6%
	Moderate	16.4%	6	8.0%	16.0%	$403	2.1%	11.5%
	Middle	19.3%	12	16.0%	23.8%	$1,517	7.9%	20.6%
	Upper	39.4%	44	58.7%	38.9%	$14,041	72.9%	47.7%
	Unknown	0.0%	8	10.7%	15.1%	$2,901	15.1%	16.7%
	Total	*100.0%*	*75*	*100.0%*	*100.0%*	*$19,265*	*100.0%*	*100.0%*
HOME IMPROVEMENT	Low	25.0%	1	2.8%	5.0%	$70	0.6%	2.5%
	Moderate	16.4%	2	5.6%	14.6%	$155	1.3%	9.8%
	Middle	19.3%	12	33.3%	25.1%	$974	8.1%	23.0%
	Upper	39.4%	18	50.0%	44.8%	$4,211	35.1%	54.8%
	Unknown	0.0%	3	8.3%	10.5%	$6,593	54.9%	9.9%
	Total	*100.0%*	*36*	*100.0%*	*100.0%*	*$12,003*	*100.0%*	*100.0%*
MULTI FAMILY	Low	25.0%	0	0.0%	0.0%	$0	0.0%	0.0%
	Moderate	16.4%	0	0.0%	0.0%	$0	0.0%	0.0%
	Middle	19.3%	0	0.0%	0.0%	$0	0.0%	0.0%
	Upper	39.4%	0	0.0%	0.0%	$0	0.0%	0.0%
	Unknown	0.0%	16	100.0%	100.0%	$27,189	100.0%	100.0%
	Total	*100.0%*	*16*	*100.0%*	*100.0%*	*$27,189*	*100.0%*	*100.0%*
HMDA TOTALS	Low	25.0%	7	4.2%	5.2%	$584	0.8%	2.7%
	Moderate	16.4%	13	7.9%	20.0%	$1,502	2.1%	13.8%
	Middle	19.3%	29	17.6%	24.3%	$3,276	4.6%	20.0%
	Upper	39.4%	83	50.3%	35.1%	$25,543	36.2%	42.9%
	Unknown	0.0%	33	20.0%	15.5%	$39,614	56.2%	20.6%
	Total	*100.0%*	*165*	*100.0%*	*100.0%*	*$70,519*	*100.0%*	*100.0%*

2015 ACS, 2017 Aggregate HMDA Data, 2017 HMDA LARs.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

The percentage of residential mortgage loans made to low-income borrowers by number was 4.2 percent in 2017. While the bank's performance was below the demographic indicator of 25.0 percent of low-income families, it is not expected that the bank meet this percentage for low-income families because not all families with that income level will qualify for a home mortgage given the demographics of the market. A low-income family in the assessment area earns less than $37,250 in 2017, which coupled with a median home value of $228,458 and median sales prices ranging from $210,000 to $370,000 in the four counties in BRI's assessment area, may put homeownership out of reach for many of these families. This challenge was also noted by the first community contact who identified the rising cost of homes as a barrier to homeownership for low- and moderate-income individuals.

The bank's lending to low-income borrowers was also compared to the lending activity of an aggregate group of lenders in the assessment area because the aggregate's lending activity is more representative of the lending opportunities in the assessment area. In 2017, the percentage of the bank's lending to low-income borrowers, which was 4.2 percent, fell slightly below the aggregate's percentage, which was 5.2 percent. By product type, the bank exceeded the aggregate's lending to low-income borrowers with refinance loans, but was behind the aggregate for home purchase and home improvement loans.

In terms of lending to moderate-income borrowers, the bank made 7.9 percent by number of its residential mortgage loans to these borrowers in 2017. BRI's lending to moderate-income borrowers was below the demographic indicator for moderate-income families, which was 16.4 percent. The bank's percentage of lending to moderate-income borrowers was behind the aggregate's percentage of lending to moderate-income borrowers, which was 20.0 percent. This was reflected in each product type as well. However, as a moderate-income family in the assessment area earns less than $59,600, home ownership and the costs of obtaining a home mortgage could be a challenge for many moderate-income families. Furthermore, BRI operates in a competitive environment, which limits the opportunities to make home mortgage loans to moderate-income borrowers.

The bank was slightly below the demographic indicators for middle-income borrowers, which was 19.3 percent, as it originated 17.6 percent of its HMDA-reportable lending to these borrowers. The bank exceeded the demographic indicators for upper-income borrowers, 39.4 percent, having originated 50.3 percent of its HMDA-reportable loans to upper-income borrowers. BRI was below the aggregate in lending to middle-income borrowers, but above the aggregate in lending to upper-income borrowers.

The bank originated a number of home mortgage loans to borrowers with unknown income, the majority of which were multifamily loans. BRI originated 20.0 percent of home mortgage loans for these unknown-income borrowers. This was the second largest percentage of loans by borrower income following loans to upper-income borrowers. The large percentage of unknown borrowers lowers the overall percentages of loans to borrowers of other income levels and therefore may explain gaps between the aggregate performance and the demographic indicators. In addition, these loans are typically for investment or commercial purposes, which is line with BRI's strategic focus on commercial lending and its portfolio composition.

Table 12
2018 Borrower Distribution of HMDA Loans

Product Type	Borrower Income Levels	Families by Family Income	Bank & Aggregate Lending Comparison					
			Count			Dollar		
			Bank		Agg	Bank		Agg
		%	#	%	%	$(000s)	$ %	$ %
HOME PURCHASE	Low	25.0%	4	5.3%	5.3%	$458	2.0%	3.1%
	Moderate	16.4%	6	8.0%	24.3%	$969	4.2%	17.4%
	Middle	19.3%	11	14.7%	23.7%	$1,822	7.8%	21.2%
	Upper	39.4%	44	58.7%	32.0%	$15,345	65.8%	43.2%
	Unknown	0.0%	10	13.3%	14.5%	$4,715	20.2%	15.0%
	Total	*100.0%*	*75*	*100.0%*	*100.0%*	*$23,309*	*100.0%*	*100.0%*
REFINANCE	Low	25.0%	13	6.5%	9.3%	$1,127	3.0%	5.9%
	Moderate	16.4%	45	22.4%	19.9%	$4,969	13.3%	15.2%
	Middle	19.3%	47	23.4%	25.3%	$7,431	19.9%	22.5%
	Upper	39.4%	79	39.3%	36.1%	$19,195	51.3%	45.2%
	Unknown	0.0%	17	8.5%	9.5%	$4,690	12.5%	11.2%
	Total	*100.0%*	*201*	*100.0%*	*100.0%*	*$37,412*	*100.0%*	*100.0%*
HOME IMPROVEMENT	Low	25.0%	12	12.2%	7.6%	$831	8.4%	5.3%
	Moderate	16.4%	20	20.4%	17.8%	$1,496	15.0%	14.3%
	Middle	19.3%	24	24.5%	25.6%	$1,780	17.9%	21.4%
	Upper	39.4%	40	40.8%	45.4%	$5,364	53.9%	54.2%
	Unknown	0.0%	2	2.0%	3.6%	$481	4.8%	4.8%
	Total	*100.0%*	*98*	*100.0%*	*100.0%*	*$9,952*	*100.0%*	*100.0%*
MULTI FAMILY	Low	25.0%	0	0.0%	0.0%	$0	0.0%	0.0%
	Moderate	16.4%	0	0.0%	0.0%	$0	0.0%	0.0%
	Middle	19.3%	0	0.0%	0.0%	$0	0.0%	0.0%
	Upper	39.4%	2	5.6%	1.8%	$1,346	2.0%	0.4%
	Unknown	0.0%	34	94.4%	98.2%	$64,357	98.0%	99.6%
	Total	*100.0%*	*36*	*100.0%*	*100.0%*	*$65,703*	*100.0%*	*100.0%*
HMDA TOTALS	Low	25.0%	29	7.1%	6.9%	$2,416	1.8%	3.7%
	Moderate	16.4%	71	17.3%	22.0%	$7,434	5.5%	14.9%
	Middle	19.3%	82	20.0%	24.2%	$11,033	8.1%	19.4%
	Upper	39.4%	165	40.2%	34.4%	$41,250	30.2%	39.9%
	Unknown	0.0%	63	15.4%	12.4%	$74,243	54.4%	22.1%
	Total	*100.0%*	*410*	*100.0%*	*100.0%*	*$136,376*	*100.0%*	*100.0%*

2015 ACS, 2018 Aggregate HMDA Data, 2018 HMDA LARs.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2018, the percentage of residential mortgage loans made to low-income borrowers by number was 7.1 percent. Similar to the bank's performance in 2017, while the bank was below the demographic indicator of 25.0 percent low-income families, it is not expected that the bank meet this percentage for low-income families because not all families with that income level will qualify for a home mortgage given the demographics of the market. A low-income family in the assessment area earns less than $40,300 in 2018. Median sales prices for homes in Kent, Newport, Providence, and Washington Counties ranged from $223,000 to $399,000. The cost of acquiring a home mortgage loan may remove the opportunity for many low-income borrowers. BRI made a slightly greater percentage of its loans to low-income borrowers as compared to the aggregate[3] lenders in the assessment area, 7.1 percent versus 6.9 percent, respectively. By product type, the bank exceeded or was in line with the aggregate's lending to low-income borrowers for home purchase and home improvement loans, but was behind the aggregate for refinance loans.

The bank made 17.3 percent by number of its residential mortgage loans to moderate-income borrowers in 2018. This was above the demographic indicator for moderate-income families, which was 16.4 percent. The bank's percentage of lending to moderate-income borrowers was behind the aggregate's overall percentage of lending to moderate-income borrowers, which was 22.0 percent, although the bank did exceed the aggregate's performance for refinance and home improvement loans. Since a moderate-income family in the assessment area earns less than $64,480, home ownership and the costs of obtaining a home mortgage could be a challenge for many moderate-income families. Furthermore, BRI operates in a competitive environment, which limits the opportunities to make home mortgage loans to moderate-income borrowers.

The bank was slightly above the demographic indicators for middle-income borrowers, which was 19.3 percent, as it originated 20.0 percent of its HMDA-reportable lending to these borrowers. The bank exceeded the demographic indicators for upper-income borrowers, 39.4 percent, having originated 40.2 percent of its HMDA-reportable loans to upper-income borrowers. BRI was below the aggregate in lending to middle-income borrowers, but above the aggregate in lending to upper-income borrowers.

The bank originated 15.4 percent of home mortgage loans to borrowers with unknown income, the majority of which were multifamily loans. This was the second lowest percentage of loans by borrower income, only above loans to low-income borrowers. These loans are typically for investment or commercial purposes, which is line with BRI's strategic focus on commercial lending and its portfolio composition.

In addition to the SBA lending discussed above, the bank makes limited use of innovative or flexible lending practices to address the credit needs of low- or moderate-income individuals. BRI offers a first time home buyer discount with a reduced interest rate and waived origination fees. During the evaluation period, the bank originated 20 such home purchase loans within the assessment area. These loans serve an important need as the first community contact identified the challenge individuals may have with down payments and closing costs.

Overall for residential lending, the distribution of loans to borrowers reflects an adequate penetration among and an adequate record serving the credit needs of individuals of different income levels, including low- and moderate-income levels.

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[3] *Aggregate percentages displayed in the table above may differ from publically available data as examines have exclude "other" loans and "NA" purpose loans.*

Community Development Lending

BRI'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 has made an adequate level of community development loans. BRI originated 11 qualified community development loans, totaling $25.7 million. These loans primarily served the need of providing affordable housing, as identified by the community contacts. A sampling of the bank's community development lending activity during the time period is provided below.

- The bank originated a $10 million loan in November 2017 to refinance a maturing note on an apartment complex. This complex contains 102 units, all of which are affordable housing through the Department of Housing and Urban Development's (HUD) Section 8 voucher program. This program allows low-income families, the elderly, and the disabled to afford housing that meets the requirements of the program.
- The bank originated an $8.3 million loan in March 2018 to refinance a loan and reimburse a borrower for property improvements to a 72-unit apartment building. There is a HUD Housing Assistance Payments contract (HAP contract) to provide Section 8 tenant-based assistance for the apartments.
- In October 2018, the bank originated a loan for $2.2 million, for the purchase of an 83-unit building where 75 percent of units are reserved for individuals at or below 60 percent of the area median income.
- In February 2019, the bank originated a loan for $400,000 to refinance a first mortgage and to make improvements on affordable housing units. The borrower is a non-profit affordable housing company that acquires, develops, and manages affordable housing.
- The bank originated a $2.4 million mortgage in March 2019 to cover rehabilitation costs for a 200-unit building. This property contains affordable and income-based programs for seniors. Ninety-one percent of units are affordable housing. There are 157 units covered by a project-based HUD Section 8 HAP contract and 25 units covered by project-based Section 8 Payment Vouchers.

INVESTMENT TEST

BRI'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 investments that benefit the assessment area or a broader statewide or regional area that includes the institution's assessment area. The institution's investment performance is evaluated pursuant to the following criteria: 1) the amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; 4) the degree to which the qualified investments are not routinely provided by private investors.

BRI made a significant level of qualified investments, particularly those not routinely provided by private investors, occasionally in a leadership position. Investments and donations during the evaluation period totaled $8.2 million. Furthermore, the bank is holding five security investments purchased prior to the examination period with a book value of $4.4 million, as of September 30, 2019, though these are not weighted as heavily as investments made during the examination period. The bank exhibits good responsiveness to credit and community development needs. Additionally, the bank makes occasional use of innovative or complex qualified investments.

Equity Investments

New Equity Investments

BRI had two new equity investments for a total of $7.6 million.

In December 2019, the bank assumed partial obligations for a rehabilitation project that is converting a former mill storage house into a 45-unit affordable housing apartment complex in Lincoln, RI. In doing so, BRI received assignment of a $6.2 million low income housing tax credit (LIHTC). An LIHTC is awarded to developers of affordable housing, who can then sell this credit to fund the affordable housing project.

In August 2018, BRI purchased a $1.4 million LIHTC that provided funding to a 53-unit apartment building located in Warwick, RI. All units are subsidized through HUD's Section 8 program.

As identified by all three community contacts, affordable housing is a need in the bank's assessment area; these investments further the creation and availability of affordable housing.

Prior Period Equity Investments

The bank made six qualified equity investments prior to the examination, with a total book value of $4.4 million, as of September 30, 2019. In March 2016, the bank made an investment, which has a current book value of $2.6 million, in a Small Business Investment Company (SBIC) pool, which is comprised of 87 SBICs. An investment was made in an additional SBIC pool in March 2014, which has a current book value of $859,085. Three separate investments were made in 2002, 2006, and 2010 to CRA-eligible Fannie Mae mortgage pools; the bank's investments account for four loans in Rhode Island, with a book value of $483,281. The bank also has a CRA mutual fund with $505,044 in book value, which provided financing to a home purchase loan for a moderate-income borrower in Woonsocket, RI, and helped fund six multi-family developments in Rhode Island, all of which receive federal rental assistance payments under HUD's Section 8.

Grants and Donations

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

Table 13
Qualified Donations by Purpose

Community Development Category	2017 (October 16 - December 31)		2018		2019		2020 YTD (thru February 9)		Total	
	#	$	#	$	#	$	#	$	#	$
Affordable Housing	3	$4,000	6	$15,325	5	$17,000	1	$2,500	**15**	**$38,825**
Community Services	18	$54,605	78	$196,475	81	$192,805	6	$13,750	**183**	**$457,635**
Economic Development	1	$1,500	3	$6,500	1	$2,500	0	$0	**5**	**$10,500**
Total	**22**	**$60,105**	**87**	**$218,300**	**87**	**$212,305**	**7**	**$16,250**	**203**	**$506,960**

Bank records

BRI's goal with its philanthropic contributions is to provide funding for non-profit organizations that improve the quality of life for adults and children in low-income households, as evidenced by the large number of donations and grants given to community service organizations. Beneficiaries of BRI's giving include organizations that emphasize healthcare, social services, homelessness, and food for the needy, with early education for children from low-income families and access to the arts for middle and high school students from low-income families being particular focal points of BRI's giving. In addition to the community service organizations, BRI also supports organizations that provide affordable housing and economic development.

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

Clinica Esperanza/Hope Clinic – This volunteer-run health clinic provides primary medical care to low-income Rhode Island residents without health insurance, with an emphasis towards Spanish-speaking patients. BRI's donations specifically supported the clinic's Pre-Employment Physicals program, which offers low-income and uninsured individuals free physicals so these individuals can begin employment. In 2017 and 2018, Clinica Esperanza/Hope Clinic provided 442 physicals.

Domestic Violence Resource Center of South County (DVRC) – DVRC addresses the needs of abuse victims, which includes safe housing, court advocacy, teen outreach, and support groups. All services and housing are provided free of charge, and the residents living within DVRC's safe home and permanent housing units are low- or moderate-income individuals or families.

Local Initiatives Support Corporation Rhode Island (LISC RI) – LISC RI works to invest in real estate to provide affordable housing, increase family income and wealth, stimulate economic development, improve access to quality education and tutors, and support healthy environments and lifestyles by connecting local organizations and community leaders with resources to revitalize neighborhoods and improve the quality of life of its residents. Since 1991, LISC RI has helped to create more than 8,000 affordable homes, including 350 in 2018, and supported the development of more than 2 million square feet of commercial, child care, educational, and community space.

McAuley Ministries – McAuley Ministries assists struggling individuals and families with the basic needs of food, clothing, and health services. This also includes affordable housing to single parents and their young children. BRI's donations support the organization's "Lunch on Us" program, which provides breakfast, lunch, and dinner five days a week to those in need. BRI employees also volunteer to serve meals at this organization each day during the month of February.

New Urban Arts – New Urban Arts allows local youth to receive an education in the arts. The majority of the teenagers who participate come from low-income families, and 80 percent qualify for free or reduced-price lunch. BRI's donations support the Youth Mentorship in the Arts and Summer Art Internship programs.

West Elmwood Housing Development Corporation (WEHDC) – This organization promotes the development of healthy, sustainable communities and homeownership opportunities through its housing services. It offers 193 units of affordable housing, first time home buyer courses, financial capability coaching, small home repair loans, community gardens, and housing counseling.

Interest on Lawyers Trust Accounts (IOLTA)

As of January 30, 2020, there were 158 IOLTAs with a total balance of approximately $30.0 million. During the examination period, the IOLTAs at BRI generated over $70,000 in interest, which goes to providing legal services to the poor in Rhode Island, improving the delivery of legal services, promoting knowledge and awareness of the law, and improving the administration of justice.

SERVICE TEST

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

Retail Banking Services

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

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

Table 14 Distribution of Branch Offices by Income Category						
Census Tract Income Category	Assessment Area Demographics		Bank Offices by Tract Location		Standalone ATMs by Tract Location	
	Total Census Tracts	Total Population				
	% of #	% of #	#	%	#	%
Low	15.0	13.9	0	0.0	0	0.0
Moderate	16.0	16.3	6	30.0	7	36.8
Middle	39.4	38.5	7	35.0	5	26.3
Upper	28.2	30.2	7	35.0	6	31.6
Unknown	1.4	1.1	0	0.0	1	5.3
Total	100.0	100.0	**20**	**100.0**	**19**	**100.0**

2015 ACS data and bank records

Accessibility of Delivery Systems

BRI's service-delivery systems are accessible to geographies and individuals of different income levels in its assessment area. The bank currently operates 19 full service branches in addition to its main branch with ATMs at each. BRI also offers 19 standalone ATMs. The branches are located in Coventry (1), Cranston (3), East Greenwich (1), East Providence (2), Johnston (1), Lincoln (1), Middletown (1), North Kingstown (1), Pawtucket (1), Providence (2), Smithfield

(1), Wakefield (1), Warwick (3), and Woonsocket (1). The 19 standalone ATMs are in Cranston (1), East Greenwich (1), Johnston (1), North Kingstown (1), Peacedale (1), Providence (7), Smithfield (1), Warwick (4), West Greenwich (1), and Westerly (1). While there are no branches or ATMs in low-income census tracts, 30 percent of branches and 36.8 percent of standalone ATMs are located in moderate-income census tracts, which exceeds the population demographics. Furthermore, branches and ATMs are located within a short distance of low-income census tracts.

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and to low- and moderate-income individuals. As mentioned, no branches have been opened or closed during the review period. The bank relocated its 1062 Centerville Road location in Warwick, to 265 Jefferson Boulevard, also in Warwick, on February 26, 2018. Both the current and original location are located in middle-income census tracts. The locations of BRI branches are within reasonable proximity to the low- and moderate-income tracts in the assessment area, and make the bank accessible to low- and moderate-income populations.

BRI offers online banking, online bill pay, and mobile banking, which allow customers to access accounts and services regardless of proximity to a branch or ATM. Online banking allows customers to access their account any time, make transfers, set account alerts, process stop payments, view check images and account history, and communicate securely with the bank. Through online bill pay, customers can pay bills automatically, set recurring payments, receive bills electronically, and view bill payment history. Using mobile banking, customers can view account balances and transaction history, receive account alerts, transfer money between accounts, and pay bills.

Reasonableness of Business Hours and Services

BRI's services do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. Branch lobbies are generally open for seven hours Monday through Wednesday, eight hours on Thursday, nine hours on Friday, and four hours on Saturday. The bank does not offer Sunday hours. Drive-up teller hours are generally available seven and a half hours Monday through Wednesday, eight and a half hours on Thursday, nine and a half hours on Friday, and four hours on Saturday. BRI's main office, which is located in a moderate-income census tract, and the Coventry branch do not offer drive-up services, and the main office does not offer Saturday hours. According to the bank, Saturday hours are not warranted as traffic and customer volume are not sufficient. Furthermore, the other bank branches located in the financial district near the main office in Providence do not offer Saturday hours. BRI has five additional branches located in moderate-income census tracts; the Cumberland Hill Road branch in Woonsocket, the Highland Avenue and Taunton Avenue branches in East Providence, and the Atwood Avenue branch in Cranston offer lobby and drive-up teller hours in line with the branches located in middle- and upper-income census tracts. The Pawtucket branch's lobby is open fewer hours than most other branches, with six hours on Monday through Wednesday, and seven hours on Thursday. Friday hours are in line with the rest of the bank branches with nine hours of availability as are drive-up teller hours. The bank explained that the hours at the Pawtucket branch are appropriate to meet the needs of area customers, as based upon an annual analysis of transactions and staffing.

BRI operates 39 ATMs, which includes one located at each of the 20 banking locations and 19 standalone ATMs. There are 12 ATMs located in moderate-income census tracts. Seven of these are standalone ATMs located at non-proprietary locations, which include the Rhode Island Convention Center, the Dunkin Donuts Center, hotels, a bowling alley, and the Rhode Island School of Design bookstore.

BRI employs 28 staff members who collectively speak French, Italian, Laotian, Portuguese, Spanish, and Thai. These individuals are mostly employed at branch locations, which makes them readily available to bank customers. One mortgage specialist and a senior teller both speak Portuguese and Spanish. A branch manager is fluent in French, Portuguese, and Spanish. The first community contact stated a need for bilingual services to cater to the assessment area's Hispanic population. BRI employs staff to assist Hispanic-speaking individuals with their banking needs.

Community Development Services

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

The bank provides a relatively high level of community development services. The following details the bank's community development service activity:

Employee Services

- **Amos House** – This organization provides food, housing, and social services for the homeless and the poor. This includes utility assistance, job-training, and literacy classes. The senior risk manager at BRI is a board member at Amos House, and in that capacity he reviews budgets, funding needs, staffing issues, and fundraising programs.

- **Connecting for Children and Families** – A BRI vice president is a board member of this organization and sits on its finance committee, where she handles financial matters. Connecting for Children and Families is a non-profit organization that seeks to improve the lives of Woonsocket children through family support initiatives, educational programs, and social services. They provide emergency food, clothing, and utility assistance for families, financial education and workforce development programs for parents, and early learning and child care. There are 13 census tracts in Woonsocket; 7 are low-income tracts and 2 are moderate-income tracts.

- **Crossroads Rhode Island** – Crossroads Rhode Island is the leading homeless services organization in the state. It provides housing, emergency services, education and employment opportunities, and health and dental care for homeless or at-risk individuals and families. The vice president community relations at BRI serves on a committee for a fundraising event to support women at the Crossroads Rhode Island facility.

- **Dorcas International Institute of Rhode Island** – Dorcas International offers programs and services for immigrants, refugees, and those in the community with the most need. These programs and services include ESL, family literacy, job readiness, and GED prep courses; citizenship and immigration consultations; housing, healthcare, and education for resettled refugees; and job search guidance and free work-appropriate clothing to low-income individuals. BRI's director of investments has worked with this organization for over 10 years. She has been a board member, strategic planning committee member, executive committee member, and finance committee member. She currently sits on the investment committee.

- **Sophia Academy** – BRI's senior vice president team leader has worked with Sophia Academy as a board member. He also sits on the finance committee and the strategic plan committee. Sophia Academy is a middle school for girls from low-income homes, where 100 percent of graduates go on to earn a high school degree.

Educational Programs and Seminars

All three community contacts identified a need for first-time homebuyer and financial literacy education in the assessment area. BRI's employees have participated in several; a sample of these is included below.

- **WEHDC** – Thirteen BRI employees taught 28 classes in the organization's first-time homebuyers course targeted to low- and moderate-income individuals. Topics include affordability, budgeting, savings, credit, understanding credit scores, correcting errors on a credit report, identity theft, qualifying for a mortgage, finding the right home, financing, and real estate closings. WEHDC helps neighborhoods with their affordable housing needs, and attendees of the course typically are in or are seeking affordable housing.

- **Hope High School –** Three financial literacy classes were taught to high school students by six BRI employees, including one who served as a French interpreter for the students. Hope High School is a public school in Providence, RI, where 89 percent of students receive or are eligible for free or reduced-price lunches.

- **Pawtucket Central Falls Development Corporation (PCFDC) –** A BRI mortgage specialist taught a first-time home buyer's course for this organization. PCFDC develops and manages affordable housing in Pawtucket and Central Falls, RI. Pawtucket is comprised of four low-income census tracts, nine moderate-income census tracts, and eight middle-income census tracts, while Central Falls is comprised entirely of low-income census tracts.

- **Junior Achievement** – Bank staff members taught Junior Achievement programs on personal finance and entrepreneurship. During the 2017-2018 school year, 13 BRI employees taught seven financial literacy courses to students at four elementary schools, where the majority of students are eligible for free or reduced lunches. During the 2018-2019 school year, seven BRI employees taught four financial literacy courses to students at four schools, where the majority of students are eligible for free or reduced lunches. In addition, staff at BRI participated in Junior Achievement's Inspire Career Fairs held twice in 2018 and once in 2019. These career fairs served as a capstone for students completing their classroom curriculum and allowed the students to receive career advice and learn more about the different industries in Rhode Island. Staff participated at a BRI exhibitor table, which allowed students to learn about the career opportunities in the banking industry. Finally, in conjunction with Junior Achievement, a compliance manager taught a seven session Career Success program to students at William M. Davies, Jr. Career and Technical High School. Approximately 63 percent of students are eligible for free or reduced lunch at this school. The career fairs and Career Success program are particularly noteworthy as the third community contact identified workforce development as a need for low- and moderate-income individuals.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

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

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

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

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

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

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

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

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

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

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

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

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

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

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

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

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

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

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

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

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

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

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