

# **PUBLIC DISCLOSURE**

May 16, 2022

## **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.

PERFORMANCE LEVELS	BANK RHODE ISLAND		
	PERFORMANCE TESTS		
	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 a good responsiveness to credit needs in its assessment area, considering the number and amount of home mortgage loans and small business loans in its assessment area.
- A high percentage of loans are made in the bank’s assessment area.
- The bank demonstrates an excellent geographic distribution of loans in its assessment area.
- The bank demonstrates a good distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- The bank exhibits a good record of serving the credit needs of highly economically disadvantaged 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 demonstrates use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.
- The bank demonstrates it is a leader in making community development loans.

**Investment Test**

- The bank demonstrates an adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position.

- The bank demonstrates occasional use of innovative or complex qualified investments.
- The bank demonstrates adequate responsiveness to credit and community development needs.

### **Service Test**

- The bank demonstrates its 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.
- The bank demonstrates its services (including where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- The bank demonstrates it 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 one other affiliate: Brookline Bank headquartered in Brookline, MA. The bank has five subsidiaries, including Macrolease, Acorn Insurance Agency, Inc., BRI Community Investment Corporation, BRI Realty Corporation, and BRI Investment Corporation.

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. There are automated teller machines (ATMs) at the main office and at the branch offices, as well as 12 additional standalone ATMs in Cranston (1), Peacedale (1), Providence (8), Warwick (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, mortgage and construction loans, online banking, and mobile banking. Business products and services include checking and savings accounts, business and commercial mortgage loans, 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. BRI is a preferred lender with the Small Business Administration (SBA).

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](http://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 March 31, 2022, BRI's assets totaled \$3.1 billion, with total deposits of \$2.6 billion, and net loans and leases of \$2.2 billion. This is an increase since the last examination in February 2020, when total assets were \$2.5 billion, total deposits were \$1.9 billion, and net loans and leases were \$1.9 billion as of September 30, 2019. The resulting percentage increases were 25.7 percent for total assets, 15.5 percent for net loans and leases, and 41.9 percent for deposits. Since the prior examination, because of the COVID-19 pandemic, the bank experienced growth in both loans and deposits. As part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), BRI participated in the Paycheck Protection Program (PPP) and began making SBA loans in second quarter of 2020. Net loans and leases hit a high of \$2.4 billion, as of March 31, 2021, and total assets hit a high of \$3.3 billion, as of December 31, 2020. Correspondingly, BRI hit a high of 2,294 originated PPP loans, with an outstanding balance of \$387.7 million, as of March 31, 2021. Unprecedented deposit growth also began in the second quarter of 2020, related to the COVID-19 pandemic and due to decreased consumer spending at the onset of the pandemic, an influx of stimulus and unemployment checks as part of the CARES Act, and PPP funds. Total deposits hit a high of \$2.7 billion, as of June 30, 2021.

Refer to Table 1 for further information regarding the bank’s loan portfolio as of March 31, 2022.

<b>Table 1</b>		
<b>Loan Distribution as of March 31, 2022</b>		
<b>Loan Type</b>	<b>Dollar Amount \$(000s)</b>	<b>Percent of Total Loans</b>
Commercial RE	958,463	42.3
1-4 Family Residential	324,286	14.3
Multifamily (5 or more) Residential	277,975	12.3
Revolving 1-4 Family Residential	104,334	4.6
Construction and Land Development	67,925	3.0
<b>Total Real Estate Loans</b>	<b>1,732,983</b>	<b>76.5</b>
Commercial and Industrial	465,726	20.6
Other	64,661	2.9
Consumer	908	0.04
<b>Total Loans</b>	<b>2,264,278</b>	<b>100.0</b>

*Call Report as of March 31, 2022.*

*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 76.5 percent of the loan portfolio. The bank is primarily a commercial lender, with 62.9 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 42.3 percent. Commercial and industrial loans comprise the second largest portion of the portfolio, at 20.6 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 (Washington Trust), Citizens Bank, N.A. (Citizens Bank), Bank of America, N.A. (Bank of America), and Webster Bank; and, for deposits, Citizens Bank, Bank of America, Washington Trust, and BankNewport.

In 2019, BRI ranked 15<sup>th</sup> out of 115 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, JPMorgan Chase Bank N.A. ranked second, Bank of America ranked third, and Citibank, N.A. ranked fourth, with Capital One Bank USA N.A., US Bank, N.A., and Synchrony Bank, also in the top 10 of CRA reporters in the assessment area. In 2020, BRI ranked 4<sup>th</sup> out of 143 CRA reporters in the assessment area. As with the 2019 peer group, the top CRA reporters in 2020 are also large, national institutions that offer business credit cards. Citizens Bank, American Express and Bank of America ranked first, second, and third, respectively.

In 2019, the bank ranked 15<sup>th</sup> out of 394 Home Mortgage Disclosure Act (HMDA) reporters within the assessment area which represents 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. Citizens Bank,

ranked first, Navigant Credit Union ranked second, and Pawtucket Credit Union ranked third. In 2020, the bank ranked 34<sup>th</sup> out of 400 HMDA reporters in the assessment area. Citizens Bank and Quicken Loans LLC (now Rocket Mortgage) ranked first and second, respectively, while Navigant Credit Union and Pawtucket Credit Union were third and fourth, respectively.

According to the Federal Deposit Insurance Corporation deposit market share report, as of June 30, 2021, there were 19 financial institutions offering deposit services within the bank's assessment area. These institutions combine for 222 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 fifth, with 6.7 percent of the assessment area's deposit market share. Citizens Bank (37.1 percent and 51 locations) and Bank of America (22.7 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 February 10, 2020. 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. BRI has delineated its assessment area to include a portion of the Providence MSA. 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. 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.

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

Table 2 Assessment Area		
MSA	Counties	Cities/Towns
Providence-Warwick, RI-MA (MSA)	<i>Kent County</i>	Coventry, East Greenwich, Warwick, West Greenwich, and West Warwick.
	<i>Newport County</i>	Jamestown, Little Compton, Middletown, Newport, Portsmouth, and Tiverton.
	<i>Providence County</i>	Central Falls, Cranston, Cumberland, East Providence, Johnston, Lincoln, North Providence, North Smithfield, Pawtucket, Providence, Scituate, Smithfield, and Woonsocket.
	<i>Washington County</i>	Narragansett, North Kingstown, and South Kingstown.

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.

Low- and moderate-income census tracts are distributed by county as follows: Kent County (2), Newport County (2), Providence County (62), and Washington County (1). The majority of the assessment area’s low- and moderate- income census tracts are located in and around the city of Providence.

Table 3 details demographic data related to the bank’s assessment area.



Table 3 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	32	15	27,489	12.4	8,994	32.7	55,236	25
Moderate-income	34	16	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
<b>Total Assessment Area</b>	<b>213</b>	<b>100.0</b>	<b>221,335</b>	<b>100.0</b>	<b>24,185</b>	<b>10.9</b>	<b>221,335</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	52,862	11,170	5.4	21.1	33,997	64.3	7,695	14.6
Moderate-income	63,805	22,152	10.7	34.7	34,963	54.8	6,690	10.5
Middle-income	158,135	94,208	45.3	59.6	51,686	32.7	12,241	7.7
Upper-income	123,780	79,818	38.4	64.5	27,780	22.4	16,182	13.1
Unknown-income	2,593	628	0.3	24.2	1,669	64.4	296	11.4
<b>Total Assessment Area</b>	<b>401,175</b>	<b>207,976</b>	<b>100.0</b>	<b>51.8</b>	<b>150,095</b>	<b>37.4</b>	<b>43,104</b>	<b>10.7</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	%
Low-income	4,442	9.8	3,994	9.7	425	11	23	7.1
Moderate-income	7,102	15.7	6,181	15.1	863	22.2	58	17.9
Middle-income	17,119	37.9	15,621	38.1	1,386	35.7	112	34.6
Upper-income	16,087	35.6	14,815	36.2	1,156	29.8	116	35.8
Unknown-income	428	0.9	362	0.9	51	1.3	15	4.6
<b>Total Assessment Area</b>	<b>45,178</b>	<b>100.0</b>	<b>40,973</b>	<b>100.0</b>	<b>3,881</b>	<b>100.0</b>	<b>324</b>	<b>100.0</b>
	<b>Percentage of Total</b>			<b>90.7</b>		<b>8.6</b>		<b>0.7</b>

2020 FFIEC Census Data and 2020 D&B Information

### Housing

There are 401,175 housing units in the assessment area of which the majority, 81.9 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 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 American Community Survey (ACS) data, the median housing value in the assessment area is \$228,458. However, recent home sale prices from The Warren Group, Boston, MA, which are displayed in Table 4, provide a more accurate reflection of the current housing market. The median sales price within the state of Rhode Island and Kent, Providence, and Washington counties increased from 2018 to 2020, while the median sales price in Newport County decreased in 2019 but increased in 2020. 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.

Region	2018	2019	2020
Kent County	\$223,000	\$235,000	\$265,000
Newport County	\$399,000	\$390,000	\$450,000
Providence County	\$223,000	\$235,950	\$269,900
Washington County	\$337,200	\$337,500	\$380,000
Rhode Island	\$240,000	\$257,000	\$291,000

2018-2020 The Warren Group data

### *Business Characteristics*

Based on 2020 Dun & Bradstreet, Short Hills, NJ (D&B) data, there were 45,178 businesses operating in the bank’s assessment area, and 90.7 percent of these have revenues under \$1 million. The majority of businesses are located in middle- and upper-income census tracts (37.9 percent and 35.6 percent, respectively). Only 9.8 percent of businesses are located in low-income census tracts and 15.7 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 January 2022 Beige Book from the Federal Reserve System provides further insight of the economic conditions affecting New England. Business activity was steady or up slightly on balance. Employment increased modestly and wages advanced at a strong pace. Single-family home sales picked up slightly; however, high prices and low inventories pushed many first-time homebuyers into the condominium market especially in Massachusetts and Rhode Island. Commercial real estate activity was steady and leasing activity also picked up in Rhode Island.

### *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 3. Based on 2020 Federal Financial Institutions Examination Council (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 the 2015 ACS, the MFI in the Providence MSA is \$73,950. However, based on recent FFIEC estimates, the MFI for the Providence MSA increased from \$80,600 in 2018 to \$85,100 in 2019, and to \$89,000 in 2020.

### *Employment Statistics*

National, regional, and local unemployment rates have increased over the examination period because of the COVID-19 pandemic. According to the Rhode Island Department of Labor and Training (RI DOLT), the unemployment rate for the counties, State, New England, and the United States has doubled from 2019 to 2020 as displayed in Table 5. According to RI DOLT, national and local economies came to a halt as businesses across the nation were shut down to stop the spread of the virus during the COVID-19 pandemic. As a result, workers in Rhode Island and nationwide lost their jobs, spiking the unemployment rate in 2020.

<b>Table 5</b>			
<b>Average Unemployment Rates (%)</b>			
<b>Region</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Kent County	3.7	3.3	8.7
Newport County	3.6	3.2	8.2
Providence County	4.4	3.9	10.2
Washington County	3.6	3.2	7.8
Rhode Island	4.1	3.6	9.4
New England	3.5	3.1	8.0
United States	3.9	3.7	8.1

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

It should be noted that, as the nation began reopening the economy, the unemployment rate also began decreasing and Rhode Island saw job gains in most sectors impacted by the COVID-19 pandemic.

## SCOPE OF EXAMINATION

BRI's performance review was based on CRA activities conducted using the FFIEC Examination Procedures for Large Institutions<sup>1</sup>. These procedures evaluate banks under three tests: the Lending Test, the Investment Test, and the Service Test.

The Lending Test evaluates the bank's lending performance pursuant to the following criteria: lending activity, assessment area concentration of loans, geographic distribution of loans, borrower's profile, responsiveness of credit needs, community development lending activity, and product innovation. The Investment Test evaluates the bank's performance pursuant to the following criteria: investment and grant activity, responsiveness to credit and community development needs, and community development initiatives. The Service Test evaluates the bank's performance pursuant to the following criteria: accessibility of delivery systems, changes in branch locations, reasonableness of business hours and services, and community development services. The data used for the evaluation and the applicable timeframes are discussed below.

The evaluation for this CRA performance review included residential loan data under the Home Mortgage Disclosure Act (HMDA) and small business loans originated by the bank from January 1, 2019, through December 31, 2020. Residential mortgage loans included home purchase, home improvement loans, and refinance loans for one-to-four family and multifamily (five or more unit) properties. Residential loans with a purpose of "other" and/or "not applicable" were excluded from the evaluation. The bank's residential lending activity was compared to the aggregate of all lenders operating within the assessment areas. Aggregate data was obtained from the Consumer Financial Protection Bureau (CFPB) and consists of lending information from all HMDA reporters that originated or purchased residential mortgage loans in the assessment areas. "Other purpose" loans were excluded from the aggregate. The bank's residential mortgage lending performance was also compared to demographics from the 2020 FFIEC Census Data. Information for 2019 and 2020 is reported in tables unless otherwise noted.

Based on the bank's Consolidated Report of Condition and Income (Call Report) as of March 31, 2022, the bank's portfolio was primarily distributed between commercial loans (62.9 percent)

<sup>1</sup> "Large institutions" are banks or savings associations with assets of at least \$1.384 billion as of December 31 of both of the prior two calendar years.

and residential real estate (31.2 percent). As commercial lending represents a larger portion of the bank's portfolio, small business lending has been given additional weight from a quantitative perspective when arriving at overall conclusion under the Lending Test. Small business loan data was obtained from the small business loan registers produced and maintained by Bank Rhode Island, as required for large banks under the CRA. Small business loans included commercial real estate loans and commercial and industrial loans with original loan amounts of \$1 million or less. The bank's small business lending performance was compared to aggregate small business data obtained from the FFIEC and to demographic information obtained from D&B.

More emphasis was placed on small business loans compared to residential mortgage loans for each performance criterion of the Lending Test based on the number of originations during the review period. While both the number and dollar volume of the bank's 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. Further, in response to the COVID-19 pandemic in 2020, the SBA administered the PPP loans as part of the CARES Act. The PPP loans are designed to help businesses retain workers and staff during the economic hardship resulting from the COVID-19 pandemic. Therefore, small business loans in 2020 increased substantially in volume as compared to 2019.

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. The review period was from the prior CRA examination, on February 10, 2020, to the current evaluation date of May 16, 2022. Qualified community development loans, investments and community development services were evaluated in the context of the assessment area's community needs and the bank's capacity to meet those needs.

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

### **Community Contacts**

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

One was conducted with a regional nonprofit economic development corporation with the mission of empowering entrepreneurs, strengthening local economies, and creating jobs by financing small businesses in Massachusetts and Rhode Island. Speaking specifically to the state of Rhode Island, the contact stated that there is a shortage of funding from Community Development Financial Institutions (CDFI's) within the state. The organization receives most of its clients through referrals from banks that are unable to extend loans to small businesses based on their risk portfolio or entrepreneurs' credit history; the contact would like to increase awareness that they are able to provide financing options when financial institutions may not. The contact discussed the PPP loan program as being a saving grace for the entire state. The contact stated that during the COVID-19 crisis, the organization experienced an increase in the request for start-up capital. The organization has partnered with several financial institutions

operating in the assessment area.

The second contact was with an organization that creates and maintains affordable housing in Rhode Island. The contact stated that there is a need for affordable housing as some communities are primarily home ownership communities with few apartments, which makes developing affordable housing more difficult and expensive. The contact identified that fraud protection for seniors and financial education such as budgeting and savings are also needed. The contact noted that there was more interaction from financial institutions prior to the COVID-19 pandemic but providing information in other formats such as pamphlets could benefit the individuals the organization serve.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

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

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

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

#### **Lending Activity**

The bank demonstrates good responsiveness to credit needs in its assessment area, considering the number and amount of home mortgage and small business loans in its assessment area. This criterion evaluates the number and dollar amount of the bank's home mortgage and small business loans. BRI originated 2,310 small business loans in total for 2019 and 2020 to businesses with gross annual revenues (GAR) under \$1 million, and businesses located in low- and moderate-income census tracts. Small business lending significantly increased over this period, with 297 loans in 2019 and 2,013 loans in 2020 demonstrating a good responsiveness to credit needs. The increase is a result of PPP loans to small businesses to keep them afloat because of the COVID-19 pandemic. One community contact described the PPP loan program as being a saving grace for the entire state.

BRI ranked 15th out of 115 small business lenders in 2019, and 4th out of 143 in 2020. There were 1,079 home mortgage loans originated over the period, with 596 loans in 2019 and 483 loans in 2020. During this same period, BRI ranked 20<sup>th</sup> out of 386 HMDA reporters in 2019 and 34<sup>th</sup> out of 400 reporters in 2020.

#### **Distribution of Lending within the Assessment Area**

This criterion evaluates the concentration of loans originated by the bank within its assessment area. A high percentage of loans were made in the bank's assessment area. Table 6 presents the bank's levels of lending inside and outside the assessment area for the entire evaluation period.

Table 6 - Lending Inside and Outside the Assessment Area										
Loan Type	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
Home Purchase	175	80.6	45,535	71.3	42	19.4	18,298	28.7	217	63,833
Home Improvement	174	83.7	21,991	84.3	34	16.3	4,101	15.7	208	26,092
Multi-Family Housing	107	93.9	174,168	93.4	7	6.1	12,406	6.6	114	186,574
Refinancing	454	84.1	106,280	79.9	86	15.9	26,814	20.1	540	133,094
<b>Total HMDA</b>	<b>910</b>	<b>84.3</b>	<b>347,974</b>	<b>85.0</b>	<b>169</b>	<b>15.7</b>	<b>61,619</b>	<b>15.0</b>	<b>1,079</b>	<b>409,593</b>
<b>Total Small Business</b>	<b>1,720</b>	<b>74.5</b>	<b>301,192</b>	<b>73.8</b>	<b>590</b>	<b>25.5</b>	<b>107,168</b>	<b>26.2</b>	<b>2,310</b>	<b>408,360</b>
<b>TOTAL LOANS</b>	<b>2,630</b>	<b>77.6</b>	<b>649,166</b>	<b>79.4</b>	<b>759</b>	<b>22.4</b>	<b>168,787</b>	<b>20.6</b>	<b>3,389</b>	<b>817,953</b>

HMDA and small business data for 2019 and 2020

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

The bank made a total of 3,389 HMDA and small business loans during 2019 and 2020. Of these loans, 77.6 percent by number and 79.4 percent by dollar volume were made inside the assessment area.

### *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 2,310 small business loans. As shown in Table 6 above, 74.5 percent by number and 73.8 percent by dollar amount were originated in the assessment area in 2019 and 2020. In 2019, the bank originated 80.5 percent by number and 80.8 percent by dollar amount of the small business loans in the assessment area. In 2020, 73.6 percent by number and 71.9 by dollar amount were made inside the assessment area. While the percentages in 2020 were lower than the percentages in 2019, the bank originated 1,481 small business loans in 2020, compared to 239 loans in 2019, following the bank's participation in the PPP loan program. The particularly high number of small business loans was attributable to the bank's participation in the PPP loan program. These loans were administered by the SBA as part of the CARES Act. PPP loans are designed to help businesses retain workers and staff during the economic crisis due to the COVID -19 pandemic. The SBA will forgive loans if the borrower meets the employee retention and eligible expenses criteria. The high percentage of small business loans, including PPP loans, within the assessment area is notable given the credit needs of the area during the COVID-19 pandemic.

### *Residential Lending*

The bank made a high percentage of its HMDA loans in its assessment area. During the evaluation period, the bank originated a total of 1,079 loans, of which 84.3 percent by number and 85.0 percent by dollar amount were originated in the assessment area in 2019 and 2020. In 2019, 84.4 percent by number and 84.3 percent by dollar amount of the HMDA loans were originated in the assessment area. In 2020, the bank originated 84.3 percent by number and 85.9 percent by dollar amount in the assessment area. Within the assessment area, refinance loans (454) comprise the largest portion of loans within the assessment area, at 49.9 percent by number, followed by home purchase loans (175) at 19.2 percent, home improvement loans (174) at 19.1 percent, and multifamily (107) at 11.8 percent.



## Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of loans to census tracts of all income levels. The bank demonstrates an excellent geographic distribution of loans in its assessment area. Small business lending exhibits good dispersion while residential lending shows excellent dispersion throughout the assessment area.

### *Small Business Lending*

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

Table 7 - Geographic Distribution of Small Business Loans														
PRODUCT TYPE	Tract Income Levels	Total Businesses	Bank & Aggregate Lending Comparison											
			2019						2020					
			Count			Dollar			Count			Dollar		
			Bank	Agg	%	Bank	Agg	\$ %	Bank	Agg	%	Bank	Agg	\$ %
%	#	%	%	\$ 000s	\$ %	\$ %	#	%	%	\$ 000s	\$ %	\$ %		
SMALL BUSINESSES	Low	9.8%	20	8.4%	9.2%	\$5,196	7.5%	7.1%	127	8.6%	9.4%	\$24,858	10.7%	7.7%
	Moderate	15.7%	46	19.2%	15.6%	\$14,166	20.5%	17.5%	305	20.6%	16.0%	\$55,787	24.0%	18.2%
	Middle	37.9%	91	38.1%	36.7%	\$27,885	40.4%	35.6%	550	37.1%	36.8%	\$81,515	35.1%	35.1%
	Upper	35.6%	81	33.9%	37.7%	\$21,688	31.4%	38.7%	489	33.0%	37.0%	\$67,139	28.9%	37.8%
	Unknown	0.9%	1	0.4%	0.6%	\$98	0.1%	1.1%	10	0.7%	0.7%	\$2,860	1.2%	1.2%
	<b>Total</b>	<b>100.0%</b>	<b>239</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$69,033</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1,481</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$232,159</b>	<b>100.0%</b>	<b>100.0%</b>

D&B 2020. Small business data for 2019 and 2020

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

BRI’s lending in all income census tract levels saw a substantial increase from 2019 to 2020 because of the PPP loans the bank facilitated during the COVID-19 pandemic. Specifically, the number of loans year over year within the low- and moderate-income tracts is noteworthy and shows the bank’s willingness and responsiveness to provide credit to all geographic income levels.

In 2019 and 2020, the bank’s small business lending slightly lagged the aggregate’s lending and the demographic indicator for the percentage of total businesses in low-income census tracts. As displayed in Table 7, the bank originated 8.4 percent of small business loans within low-income census tracts in 2019 and 8.6 percent in 2020, while the aggregate originated 9.2 percent and 9.4 percent, respectively. The total percentage of businesses in low-income census tracts was 9.8 percent.

Conversely, in 2019, BRI originated 19.2 percent of its small business lending in moderate-income census tracts and exceeded both the aggregate’s lending, which was 15.6 percent, and the demographic indicator for the percentage of total businesses in moderate-income census tracts, which was 15.7 percent. Similarly, in 2020, the bank made a higher percentage of small business loans in moderate-income census tracts, at 20.6 percent, than the aggregate, which made 16.0 percent of its small business loans in these tracts, and the demographic indicator, which was 15.7 percent of total businesses in moderate-income census tracts.

The majority of small business loans were extended within middle-income geographies and slightly exceeded the aggregate but at par with the percentage of businesses. Loans in upper-income census tracts are slightly below the aggregate and the percentage of businesses.

A community representative stated that in areas where incomes are lower, banks may be more likely to decline small business loans. However, the bank's performance demonstrates good distribution of small business lending throughout the assessment area.

### *Residential Lending*

Table 8 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank's geographic distribution of loans is excellent.

Table 8 - Geographic Distribution of HMDA Loans														
PRODUCT TYPE	Tract Income Levels	Owner Occupied Units	Bank & Aggregate Lending Comparison											
			2019						2020					
			Count			Dollar			Count			Dollar		
			Bank	Agg	%	Bank	Agg	\$ %	Bank	Agg	%	Bank	Agg	\$ %
	%	#	%	%	\$ (000s)	\$ %	\$ %	#	%	%	\$ (000s)	\$ %	\$ %	
HOME PURCHASE	Low	5.4%	4	3.8%	8.2%	\$666	2.6%	6.7%	7	9.9%	7.6%	\$1,290	6.5%	5.5%
	Moderate	10.7%	17	16.3%	12.7%	\$2,926	11.4%	10.3%	14	19.7%	12.9%	\$2,328	11.8%	9.6%
	Middle	45.3%	39	37.5%	44.4%	\$7,520	29.2%	38.2%	24	33.8%	44.2%	\$6,018	30.4%	41.2%
	Upper	38.4%	42	40.4%	34.2%	\$14,107	54.8%	44.3%	25	35.2%	34.9%	\$9,879	49.9%	43.1%
	Unknown	0.3%	2	1.9%	0.5%	\$510	2.0%	0.5%	1	1.4%	0.5%	\$291	1.5%	0.6%
	<i>Total</i>	<i>100.0%</i>	<i>104</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$25,729</i>	<i>100.0%</i>	<i>100.0%</i>	<i>71</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$19,806</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	5.4%	20	8.2%	4.6%	\$3,489	6.8%	3.5%	15	7.2%	3.4%	\$3,241	5.9%	2.2%
	Moderate	10.7%	29	11.8%	9.5%	\$4,332	8.4%	7.5%	24	11.5%	8.0%	\$4,305	7.9%	5.0%
	Middle	45.3%	103	42.0%	43.0%	\$16,514	32.0%	35.6%	82	39.2%	41.2%	\$16,248	29.7%	27.7%
	Upper	38.4%	92	37.6%	42.6%	\$27,114	52.5%	53.0%	88	42.1%	47.1%	\$30,869	56.5%	60.2%
	Unknown	0.3%	1	0.4%	0.3%	\$168	0.3%	0.4%	0	0.0%	0.3%	\$0	0.0%	4.9%
	<i>Total</i>	<i>100.0%</i>	<i>245</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$51,617</i>	<i>100.0%</i>	<i>100.0%</i>	<i>209</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$54,663</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	5.4%	6	6.3%	4.0%	\$661	5.2%	3.4%	4	5.1%	3.2%	\$767	8.3%	2.7%
	Moderate	10.7%	8	8.4%	9.5%	\$534	4.2%	6.6%	7	8.9%	7.6%	\$770	8.3%	6.1%
	Middle	45.3%	31	32.6%	41.3%	\$3,135	24.6%	34.0%	31	39.2%	40.1%	\$2,756	29.8%	31.8%
	Upper	38.4%	50	52.6%	45.1%	\$8,421	66.0%	55.7%	37	46.8%	49.0%	\$4,947	53.5%	59.3%
	Unknown	0.3%	0	0.0%	0.2%	\$0	0.0%	0.2%	0	0.0%	0.1%	\$0	0.0%	0.1%
	<i>Total</i>	<i>100.0%</i>	<i>95</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$12,751</i>	<i>100.0%</i>	<i>100.0%</i>	<i>79</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$9,240</i>	<i>100.0%</i>	<i>100.0%</i>
MULTIFAMILY*	Low	20.2%	12	20.3%	35.2%	\$10,385	9.6%	23.7%	12	25.0%	33.5%	\$8,988	13.6%	23.7%
	Moderate	19.8%	15	25.4%	21.2%	\$28,331	26.2%	9.0%	12	25.0%	21.4%	\$25,744	38.9%	37.5%
	Middle	38.5%	19	32.2%	32.4%	\$34,504	32.0%	45.3%	13	27.1%	29.5%	\$14,044	21.2%	20.7%
	Upper	20.1%	11	18.6%	11.2%	\$31,245	28.9%	22.0%	11	22.9%	14.5%	\$17,399	26.3%	16.7%
	Unknown	1.3%	2	3.4%	0.0%	\$3,528	3.3%	0.0%	0	0.0%	1.2%	\$0	0.0%	1.3%
	<i>Total</i>	<i>100.0%</i>	<i>59</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$107,993</i>	<i>100.0%</i>	<i>100.0%</i>	<i>48</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$66,175</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	5.4%	42	8.3%	6.4%	\$15,201	7.7%	6.4%	38	9.3%	4.9%	\$14,286	9.5%	3.7%
	Moderate	10.7%	69	13.7%	11.0%	\$36,123	18.2%	9.0%	57	14.0%	9.6%	\$33,147	22.1%	7.2%
	Middle	45.3%	192	38.2%	43.5%	\$61,673	31.1%	37.4%	150	36.9%	42.0%	\$39,066	26.1%	32.2%
	Upper	38.4%	195	38.8%	38.7%	\$80,887	40.8%	46.8%	161	39.6%	43.1%	\$63,094	42.1%	53.6%
	Unknown	0.3%	5	1.0%	0.4%	\$4,206	2.1%	0.4%	1	0.2%	0.4%	\$291	0.2%	3.3%
	<i>Total</i>	<i>100.0%</i>	<i>503</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$198,090</i>	<i>100.0%</i>	<i>100.0%</i>	<i>407</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$149,884</i>	<i>100.0%</i>	<i>100.0%</i>

\*Distribution of multifamily units by census tract income

2015 ACS, 2019 & 2020 Aggregate HMDA Data, and 2019 & 2020 HMDA LARs.

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

Aggregate percentages include all loans required to be reported by lenders comprising the aggregate except for "other" loans, which may cause a slight difference from publicly available data. Aggregate percentages may include loan types not required to be reported by the bank.

As displayed in Table 8, the bank originated 8.3 percent of its residential mortgage loans within low-income census tracts, which exceeded the aggregate, at 6.4 percent, and the percentage of owner-occupied housing units, at 5.4 percent, in 2019. Similarly, the bank's performance in 2020 exceeded the aggregate and demographic indicator. BRI originated 9.3 percent of loans compared to 4.9 percent of the aggregate, and 5.4 percent of owner-occupied units. By product type, the bank's residential mortgage lending in low-income census tracts was below the

aggregate for home purchase and multifamily loans, while it exceeded the aggregate in refinance and home improvement loans in both years.

Within moderate-income census tracts, BRI exceeded the aggregate and demographic indicator in both years. In 2019, the bank originated 13.7 percent of residential mortgage loans compared to the aggregate at 11.0 percent. In 2020, the bank originated 14.0 percent of loans and the aggregate 9.6 percent. The percentage of the owner-occupied units was 10.7 percent. By product type, BRI exceeded the aggregate for home purchase, refinance, and multifamily loans in both years. The bank slightly lagged the aggregate in 2019, and slightly exceeded the aggregate in 2020 for home improvement loans.

The bank's overall lending within middle-income census tracts lagged the aggregate in 2019 and 2020. Lending in upper-income tracts is at par with the aggregate in 2019 but lagged the aggregate in 2020.

The bank's overall performance within low- and moderate-income census tracts is considered excellent in spite of limited lending opportunities for originating residential mortgage loans in those 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 and 10.7 percent in moderate-income census tracts. As discussed previously, only 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 moderate-income census tracts, only 34.7 percent are owner-occupied units, while 54.8 percent are rental units, and 10.5 percent are vacant. In addition, only 12.6 percent and 16.0 percent of the total households in the assessment area are in low- and moderate-income census tracts, respectively, while 29.4 percent and 24.8 percent, respectively, of the assessment area's households earning below the poverty level are in these census tracts. While this demonstrates the difficulty banks encounter in originating loans to eligible borrowers in low- and moderate-income census tracts, BRI was able to exceed the aggregate of over 386 different lenders originating or purchasing a residential mortgage loan in the assessment area in 2019 and 394 lenders in 2020.

An analysis of the bank's geographic lending was conducted to determine if there were any conspicuous lending gaps. While not all census tracts were penetrated, there were no patterns or groupings of census tracts with no penetration that were considered unreasonable. As mentioned previously, the bank's assessment area is comprised of 32 low-income census tracts and 34 moderate-income census tracts. A review of full-year residential mortgage and small business data for 2019 and 2020, indicates the bank made loans in 23 of the 32 low-income census tracts, and in 30 of the 34 moderate-income census tracts in its assessment area in 2019. In 2020, the bank originated loans within 28 low-income and 27 moderate-income census tracts.

### **Borrowers' Profile**

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The bank demonstrates a good distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank. The bank exhibits a good record of meeting the credit needs of small businesses with gross annual revenues of \$1 million or less and a good record of serving the credit needs of low-income individuals, consistent with safe and sound operations. In addition, although the number of programs is limited, BRI makes use of flexible and innovative lending through its SBA lending and its first-time homebuyer program.

*Small Business Lending*

The bank’s small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 9 details the bank’s lending to small businesses according to revenue size and loan size. The bank’s performance in lending to businesses with GAR of \$1 million or less is good.

Table 9 - Small Business Loans by Business Revenue & Loan Size														
Business Revenue & Loan Size		Total Businesses	Bank & Aggregate Lending Comparison											
			2019						2020					
			Count			Dollar			Count			Dollar		
			Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg
		%	#	%	%	\$ (000s)	\$ %	\$ %	#	%	%	\$ (000s)	\$ %	\$ %
BUSINESS REVENUE	\$1million or Less	90.7%	106	44.4%	40.3%	\$25,863	37.5%	27.2%	110	7.4%	35.8%	\$31,552	13.6%	22.0%
	Over \$1 Million	8.6%	121	50.6%					87	5.9%				
	Total Rev. available	99.3%	227	95.0%					197	13.3%				
	Rev. Not Known	0.7%	12	5.0%					1,284	86.7%				
	Total	100.0%	239	100.0%					1,481	100.0%				
LOAN SIZE	\$100,000 or Less		86	36.0%	94.2%	\$5,348	7.7%	41.6%	850	57.4%	87.4%	\$35,464	15.3%	32.7%
	\$100,001 - \$250,000		57	23.8%	3.1%	\$10,767	15.6%	16.0%	356	24.0%	6.9%	\$57,862	24.9%	20.0%
	\$250,001 - \$1 Million		96	40.2%	2.7%	\$52,918	76.7%	42.4%	275	18.6%	5.8%	\$138,833	59.8%	47.4%
	Total		239	100.0%	100.0%	\$69,033	100.0%	100.0%	1,481	100.0%	100.0%	\$232,159	100.0%	100.0%

D&B 2020. Small Business data for 2019 and 2020

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

As illustrated in Table 9, the bank demonstrates a good distribution of small business loans distribution to businesses with GAR of \$1 million or less. While BRI exceeded the aggregate in 2019 for lending to smaller businesses, it fell substantially below the percentage of businesses in the assessment area and the aggregate in 2020. However, the volume of small business loans substantially increased in 2020 due to the bank’s participation in the SBA’s PPP. The PPP loans comprised a significant portion of 2020 small business loans, with 86.7 percent without revenue information. Reported revenue was not available for most PPP loans given the program requirements. Therefore, examiners could not conduct a meaningful analysis of lending to businesses of different sizes for 2020. However, the loan size was used as proxy for the revenue not available for PPP loans. The majority of PPP loans, 57.4 percent, had loan sizes of \$100,000 or less, indicating the bank is helping to serve the needs of small businesses in the assessment area.

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

- **PPP** - In response to the COVID-19 pandemic, the bank originated 2,867 PPP loans, totaling \$546.8 million. These loans are administered by the SBA as part of the CARES Act. PPP loans are designed to help businesses retain workers and staff during the economic hardship resulting from the pandemic. The SBA will forgive loans if the borrower meets the employee retention and eligible expenses criteria.

- **SBA 7(a)** – The SBA 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. During the evaluation period, the bank originated 46 loans under these programs for approximately \$7.8 million.

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

### *Residential Lending*

Table 10 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The table further outlines the bank's performance by loan type in comparison to the aggregate group. The bank demonstrates a good distribution, particularly in its assessment area, of loans among individuals of different income levels, given the product lines offered by the bank.

Table 10 - Borrower Distribution of HMDA Loans															
PRODUCT TYPE	Borrower Income Levels	Families by Family Income	Bank & Aggregate Lending Comparison												
			2019						2020						
			Count			Dollar			Count			Dollar			
			Bank	Agg	%	Bank	Agg	\$(000s)	\$ %	\$ %	Bank	Agg	%	Bank	Agg
%	#	%	%	\$(000s)	\$ %	\$ %	#	%	%	\$(000s)	\$ %	\$ %			
HOME PURCHASE	Low	25.0%	3	2.9%	6.0%	\$381	1.5%	3.5%	5	7.0%	6.8%	\$608	3.1%	3.7%	
	Moderate	16.4%	17	16.3%	26.5%	\$2,813	10.9%	20.3%	12	16.9%	29.1%	\$2,361	11.9%	20.5%	
	Middle	19.3%	19	18.3%	24.4%	\$4,487	17.4%	22.3%	13	18.3%	23.6%	\$2,985	15.1%	19.7%	
	Upper	39.4%	52	50.0%	30.7%	\$15,339	59.6%	40.9%	31	43.7%	30.9%	\$10,386	52.4%	36.6%	
	Unknown	0.0%	13	12.5%	12.4%	\$2,709	10.5%	13.1%	10	14.1%	9.6%	\$3,466	17.5%	19.5%	
	<i>Total</i>	<i>100.0%</i>	<i>104</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$25,729</i>	<i>100.0%</i>	<i>100.0%</i>	<i>71</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$19,806</i>	<i>100.0%</i>	<i>100.0%</i>	
REFINANCE	Low	25.0%	16	6.5%	7.0%	\$2,077	4.0%	3.8%	14	6.7%	4.8%	\$1,628	3.0%	2.2%	
	Moderate	16.4%	48	19.6%	19.5%	\$5,815	11.3%	14.1%	40	19.1%	17.4%	\$7,039	12.9%	10.3%	
	Middle	19.3%	50	20.4%	23.6%	\$8,154	15.8%	20.4%	36	17.2%	23.8%	\$6,845	12.5%	17.0%	
	Upper	39.4%	112	45.7%	35.0%	\$31,519	61.1%	44.1%	101	48.3%	40.0%	\$32,504	59.5%	39.3%	
	Unknown	0.0%	19	7.8%	14.8%	\$4,052	7.9%	17.4%	18	8.6%	14.1%	\$6,647	12.2%	31.2%	
	<i>Total</i>	<i>100.0%</i>	<i>245</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$51,617</i>	<i>100.0%</i>	<i>100.0%</i>	<i>209</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$54,663</i>	<i>100.0%</i>	<i>100.0%</i>	
HOME IMPROVEMENT	Low	25.0%	9	9.5%	8.5%	\$661	5.2%	7.4%	5	6.3%	7.8%	\$287	3.1%	5.2%	
	Moderate	16.4%	17	17.9%	20.1%	\$1,470	11.5%	15.8%	19	24.1%	16.1%	\$1,676	18.1%	12.9%	
	Middle	19.3%	19	20.0%	24.9%	\$2,107	16.5%	21.2%	15	19.0%	26.7%	\$1,745	18.9%	23.4%	
	Upper	39.4%	48	50.5%	42.4%	\$8,363	65.6%	50.7%	37	46.8%	48.3%	\$5,235	56.7%	57.1%	
	Unknown	0.0%	2	2.1%	4.1%	\$150	1.2%	4.8%	3	3.8%	1.0%	\$297	3.2%	1.5%	
	<i>Total</i>	<i>100.0%</i>	<i>95</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$12,751</i>	<i>100.0%</i>	<i>100.0%</i>	<i>79</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$9,240</i>	<i>100.0%</i>	<i>100.0%</i>	
MULTIFAMILY	Low	25.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	
	Moderate	16.4%	1	1.7%	0.0%	\$281	0.3%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	
	Middle	19.3%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	1.7%	\$0	0.0%	0.4%	
	Upper	39.4%	1	1.7%	2.2%	\$750	0.7%	0.9%	0	0.0%	2.3%	\$0	0.0%	0.6%	
	Unknown	0.0%	57	96.6%	97.8%	\$106,962	99.0%	99.1%	48	100.0%	96.0%	\$66,175	100.0%	99.0%	
	<i>Total</i>	<i>100.0%</i>	<i>59</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$107,993</i>	<i>100.0%</i>	<i>100.0%</i>	<i>48</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$66,175</i>	<i>100.0%</i>	<i>100.0%</i>	
HMDA TOTALS	Low	25.0%	28	5.6%	6.6%	\$3,119	1.6%	3.5%	24	5.9%	5.5%	\$2,523	1.7%	2.7%	
	Moderate	16.4%	83	16.5%	22.8%	\$10,379	5.2%	16.4%	71	17.4%	21.1%	\$11,076	7.4%	13.6%	
	Middle	19.3%	88	17.5%	23.9%	\$14,748	7.4%	20.1%	64	15.7%	23.8%	\$11,575	7.7%	17.7%	
	Upper	39.4%	213	42.3%	33.3%	\$55,971	28.3%	40.0%	169	41.5%	37.2%	\$48,125	32.1%	37.9%	
	Unknown	0.0%	91	18.1%	13.4%	\$113,873	57.5%	20.0%	79	19.4%	12.4%	\$76,585	51.1%	28.1%	
	<i>Total</i>	<i>100.0%</i>	<i>503</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$198,090</i>	<i>100.0%</i>	<i>100.0%</i>	<i>407</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$149,884</i>	<i>100.0%</i>	<i>100.0%</i>	

2015 ACS, 2019 & 2020 Aggregate HMDA Data, and 2019 & 2020 HMDA LARs.

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

Aggregate percentages include all loans required to be reported by lenders comprising the aggregate except for "other" loans, which may cause a slight difference from publicly available data. Aggregate percentages may include loan types not required to be reported by the bank.

In 2019, the percentage of residential mortgage loans made to low-income borrowers was 5.6 percent and lagged the aggregate at 6.6 percent. In 2020, BRI originated 5.9 percent compared to the aggregate at 5.5 percent. The bank and the aggregate were below the demographic indicator of 25.0 percent low-income families. This performance of the aggregate indicates the lack of buying power among low-income borrowers in the bank's market.

A low-income family in the assessment area earns less than \$36,975 in 2020 based on the 2015 ACS data. Median sales prices for homes in Kent, Newport, Providence, and Washington counties ranged from \$265,000 to \$480,000. The cost of acquiring a home mortgage loan may

remove the opportunity for many low-income borrowers. By product type, the bank lagged the aggregate's lending to low-income borrowers for home purchase and refinance loans but exceeded the aggregate for home improvement loans in 2019. In 2020, the bank exceeded the aggregate for home purchase and refinance loans but lagged the aggregate for home improvement loans.

The bank lagged the aggregate in both years for residential mortgage loans made to moderate-income borrowers as shown in Table 10. In 2019, the bank made 16.5 percent of loans compared to the aggregate at 22.8 percent; in 2020, the bank originated 17.4 percent compared to 21.1 percent for the aggregate. Nonetheless, the bank exceeded the demographic indicator for moderate-income families at 16.4 percent in both years, which was a good performance. By product type, the bank lagged the aggregate for home purchase loans to moderate-income borrowers in both years but exceeded the aggregate for refinance loans to those borrowers. The bank's home improvement lending to moderate-income borrowers was below the aggregate in 2019 but exceeded the aggregate in 2020.

Income was unknown for multifamily loans; therefore, no meaningful analysis was made.

Since a moderate-income family in the assessment area earns less than \$59,160, 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's loans to middle-income borrowers fell below the aggregate in 2019 and 2020. Loans to upper-income borrowers exceeded the aggregate in both years.

Table 10 shows the bank originated several home mortgage loans to borrowers with unknown income, the majority of which were multifamily loans. BRI originated 18.1 percent and 19.4 percent in 2019 and 2020, respectively, of home mortgage loans for these unknown-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 in line with BRI's strategic focus on commercial lending and its portfolio composition.

In addition to the innovative small business lending discussed above, the bank makes 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 program with waived origination fees to borrowers who have not had a mortgage in the past three years. During the evaluation period, the bank originated 24 such home purchase loans, totaling \$6.2 million. These loans serve an important need for individuals who may face the challenge of down payments and closing costs. According to one community representative, developing affordable housing in primarily home ownership communities is more difficult and expensive. Therefore, this first-time home buyer program may provide some borrowers that opportunity to be homeowners.

Furthermore, BRI allowed payment deferments for customers experiencing hardship during the COVID-19 pandemic. In total, the bank allowed 308 such loan deferments for its customers.

Overall, for residential lending, the distribution of loans to borrowers reflects a good distribution



among and a good record serving the credit needs of individuals of different income levels, including low- and moderate-income levels.

### **Community Development Lending Activities**

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 demonstrates it is a leader in making community development loans. BRI originated 49 qualified community development loans, totaling \$128.2 million, within its assessment area. Of the 49 qualified community development loans, 39 were PPP loans to help businesses keep their workforce employed during the COVID-19 crisis. As previously noted by a community contact, PPP lending was considered a critical need in the area during the COVID-19 crisis. The remaining 10 qualified community development loans primarily served the need of providing affordable housing. Affordable housing was also a critical need identified by a community contact. In addition to these, the bank extended 3 PPP loans helping to meet the needs of the broader New England region totaling \$3.3 million. A summary of the bank's community development lending activity during the review period is provided below:

- Beginning in April 2020, BRI began originating PPP loans to small businesses in partnership with the SBA and 39 of them were in low- or moderate-income census tracts in the assessment area and were qualified as community development loans, totaling \$75.1 million. The PPP program was created through the CARES Act to help businesses continue to pay their workers during the COVID-19 pandemic.
- In March 2020, the bank originated a loan for \$12 million to refinance a loan on a multifamily property to a non-profit organization that provides affordable workforce housing apartments in Providence, RI.
- The bank originated a \$169,000 line of credit in April 2020 to a private non-profit community development corporation in Providence, RI that is committed to providing housing opportunities to low- and moderate-income individuals, revitalizing urban neighborhoods, and building new communities. In February 2022, the bank originated a \$270,000 loan to purchase land for affordable housing to this corporation.
- The bank originated two loans in June 2020, totaling \$850,000, to a non-profit organization that supports children and adults with disabilities and provides the means to lead full and productive lives. One loan was a refinance to an existing commercial mortgage loan, and the other loan was a revolving line of credit.
- In March 2021, the bank originated an \$18 million construction loan to build a mixed-use complex in an opportunity zone in Providence, RI, of which \$9 million will be used to construct affordable housing units. The borrower is a for-profit real estate development company.

- In July 2021, the bank originated a loan for \$7.9 million to refinance a commercial mortgage to a for-profit company that provides Section 8 Housing Assistance for low-income residents in Providence, RI.
- The bank originated a commercial mortgage loan for \$1.2 million in November 2021 for the purchase of six retail properties and to pay-off two existing mortgages on two mixed-use properties. The borrower is a for-profit real estate development company, and the funds for this commercial mortgage loan will be used to develop, revitalize, and stabilize an area located in a moderate-income tract in Pawtucket, RI.
- The bank originated a commercial mortgage loan for \$541,000 for the purchase of a multifamily property in December 2021 to a for-profit developer that provides affordable housing to low and moderate-income individuals in Providence, RI.
- In January 2022, the bank originated a construction loan to renovate a mill located in a moderate-income census tract into 135 apartment units with 30 affordable units.

## INVESTMENT TEST

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

The bank demonstrates an adequate level of qualified investment, particularly those that are not routinely provided by private investors, although rarely in a leadership position. The bank demonstrates occasional use of innovative or complex qualified investments. The bank demonstrates adequate responsiveness to credit and community development needs.

The bank's overall investments totaled \$5,476,098, including \$4,748,928 in equity investments, \$719,500 in donations and grants, and \$7,670 in Interest on Lawyers' Trust Accounts (IOLTA).

### **Equity Investments**

#### *Prior Period Equity Investments*

The bank did not make any new equity investments since the last examination. However, when evaluating an institution's qualified investment record, consideration is given to investments that were made prior to the current examination but are still outstanding. The bank made two qualified equity investments prior to the examination period, with a total book value of \$4.7 million, as of December 31, 2021, as detailed below:

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<sup>2</sup> A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

- In 2018, the bank purchased a \$1.4 million low-income housing tax credit (LIHTC), with a current book value of \$883,822 that provided funding to a 53-unit apartment building in the assessment area.
- In 2019, BRI received assignment of a \$6.2 million LIHTC, with a current book value of \$3,865,046 for a rehabilitation project converting a former mill storage house into a 45-unit affordable housing apartment complex in the assessment area.

**Interest on Lawyers Trust Accounts (IOLTA)**

As of this examination, there were 19 IOLTAs with a total balance of \$10,408,058.34. During the examination period, the IOLTAs at BRI generated \$7,670.18 in interest, which goes to providing legal services to low- and moderate-income individuals in Rhode Island, improving the delivery of legal services, promoting knowledge and awareness of the law, and improving the administration of justice

**Grants and Donations**

Table 11 displays the bank and charitable foundation’s qualified grants and donations by year and community development purpose.

Table 11 Qualified Donations by Purpose								
Community Development Category	2020 (February 10 - December 31)		2021		2022 YTD (thru May 16)		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	9	\$35,500	4	\$19,500	2	\$12,500	15	\$67,500
Community Services	98	\$247,350	87	\$254,900	33	\$97,250	218	\$599,500
Economic Development	1	\$3,000	6	\$30,500	4	\$19,000	11	\$52,500
<b>Total</b>	<b>108</b>	<b>\$285,850</b>	<b>97</b>	<b>\$304,900</b>	<b>39</b>	<b>\$128,750</b>	<b>244</b>	<b>\$719,500</b>

*Bank provided qualified investment data*

Current period qualified donations totaled \$719,500, an increase from \$506,960 at the previous evaluation.

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 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 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, and the clinic's COVID-19 testing site, which was targeted at providing free testing for uninsured and low-income individuals. In 2020, Clinica Esperanza/Hope Clinic tested more than 3,200 individuals at their COVID-19 testing site.

**FirstWorks** – FirstWorks partners with schools in under-resourced districts to ensure low-income students receive an education in the arts. FirstWorks Arts Education Program strives to address Rhode Island's education crisis and create systemic change in classrooms through the arts and arts-based learning. BRI's donations support the Arts Education Program, including the Virtual Learning Series that were launched in 2020 due to the COVID-19 pandemic.

**McAuley Ministries** – McAuley Ministries assists struggling individuals and families with the basic needs of food, clothing, and health services. This also includes affordable housing for 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. Additionally, in 2020, due to the COVID-19 pandemic BRI's donations supported the following programs: Meals on the Go and Emergency Financial Support for rental, utilities, and transportation needs of those struggling to make ends meet. BRI employees also volunteer to serve meals at this organization each day during the month of February.

**Rhode Island Community Food Bank** – The Rhode Island Community Food Bank works to improve the life of Rhode Islanders by advancing solutions to the problem of hunger. As a result of the COVID-19 public health emergency, an increased demand for food arose. BRI's donations directly supported the rise in demand stemming from the COVID-19 pandemic, and several emergency/relief donations were made. The Rhode Island Community Food Bank distributed an additional 1.3 million pounds of food in both 2020 and 2021, because of an unprecedented need for food.

**Rhode Island Free Clinic** – The Rhode Island Free Clinic provides free, comprehensive medical and preventative care to uninsured, low-income adults. BRI's donations specifically supported the clinic's response to the COVID-19 pandemic to ensure urgent care for uninsured patients most at risk for COVID-19. BRI made several emergency grants in 2020 and 2021 to help with the pandemic and ensure uninsured adults with no doctor were able to receive COVID-19 tests and vaccinations. Over the course of the pandemic, the Rhode Island Free Clinic experienced an increase of 218 percent in adults that received care and provided over 11,000 COVID-19 tests and vaccinations.

**Salve Regina University** – BRI partners with Salve Regina University, a private university in Newport, RI, to provide scholarships to low- and moderate-income students studying business at the university. BRI actively participates and donates to the annual Governor's Ball event, which was created with the objective of providing scholarship funds to help low- and moderate-income students with the cost of a college education.

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

<b>Census Tract Income Category</b>	<b>Assessment Area Demographics</b>		<b>Bank Offices by Tract Location</b>	
	<b>Total Census Tracts</b>	<b>Total Population</b>	<b>#</b>	<b>%</b>
	<b>% of #</b>	<b>% of #</b>		
<b>Low</b>	15.0	13.9	0	0.0
<b>Moderate</b>	16.0	16.3	6	30.0
<b>Middle</b>	39.4	38.5	7	35.0
<b>Upper</b>	28.2	30.2	7	35.0
<b>Unknown</b>	1.4	1.1	0	0.0
<b>Total</b>	100.0	100.0	20	100.0

*2015 ACS data and bank record*

### *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, all equipped with at least an ATM. BRI also offers 12 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 (1 additional), Smithfield (1), Wakefield (1), Warwick (3), and Woonsocket (1). The standalone ATMs are in Cranston (1), Peacedale (1), Providence (8), Warwick (1), and Westerly (1). While there are no branches or ATMs in low-income census tracts, 30.0 percent of branches are in moderate-income census tracts, which exceeds the population demographics. Furthermore, the branches and ATMs are located within a short distance of low-income census tracts.

The bank also provides alternative delivery systems. As previously mentioned, the bank maintains a website at [www.bankri.com](http://www.bankri.com) which provides customers access to online banking, online bill pay, and mobile banking. 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.

BRI offers the Aira service to blind and low-vision customers for free. Aira is a phone application service that connects blind and low-vision people to highly trained, remotely located agents.

#### *Changes in Branch Locations*

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 no branches have been opened or closed during the review period. The locations of BRI branches are within reasonable proximity to the low- and moderate-income census tracts in the assessment area and make the bank accessible to low- and moderate-income populations.

#### *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 three hours on Saturday. 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. BRI has five additional branches located in moderate-income census tracts; the Cumberland Hill Road branch in Woonsocket, the Taunton Avenue and Highland Avenue branches in East Providence, the Smithfield Avenue branch in Pawtucket, 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. During the COVID-19 pandemic, BRI kept its branches open to customers via drive-up teller windows and moved to an appointment system for customers needing in-person services.

BRI operates 35 ATMs, which include at least one located at each of the 20 branch locations (three of the branches have two ATMs each) and 12 standalone ATMs. There are 14 ATMs located in moderate-income census tracts. Eight of these are standalone ATMs located at non-proprietary locations, which include the Rhode Island Convention Center, the Dunkin Donuts Center, hotels, restaurant, a bowling alley, and the Rhode Island School of Design bookstore.

BRI employs 35 staff members who collectively speak French, Kmer, Portuguese, Russian, Spanish, and Thai. These individuals are mostly employed at branch locations, which makes them readily available to bank customers.

## Community Development Services

Community development services are evaluated pursuant to the following criteria: 1) The extent to which the institution provides community development services; and 2) the innovativeness and responsiveness of community development services.

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

### *Employee Services*

- **Lucy's Hearth** –Lucy's Hearth's mission is to provide comprehensive programs and services to homeless families in a safe, supportive environment that promotes family health and stability and increases self-sufficiency to achieve permanent, affordable housing. Lucy's Hearth believes that homeless families can overcome barriers to self-sufficiency through the combination of holistic programs and services offered in a hopeful, safe, and nurturing environment. A branch manager is a board member of this organization.
- **Grow Smart RI** - Grow Smart RI's mission is to lead and engage Rhode Islanders in advancing neighborhood revitalization, environmental stewardship, and economic opportunity for all. A senior vice president and a vice president serve as board members of this organization.
- **Sophia Academy** –Sophia Academy is the only independent all-girls middle school in Rhode Island focusing on the intellectual and emotional growth of students from low-income families. A senior vice president serves on the board of the school.
- **NonViolence Institute** - The Nonviolence Institute's mission is to teach, by word and example, the principles and practices of nonviolence to low-income individuals, and to foster a community that addresses potentially violent situations with nonviolent solutions. A two-prong approach is used to reduce community violence in Rhode Island by offering intervention services (street outreach, victim services, and re-entry) and prevention programs (nonviolence training, employment readiness, and public policy). An office specialist is a board member at this organization.
- **Valley Affordable Housing Corporation (VAHC)** - VAHC is a private non-profit 501(c) (3) organization created over twenty years ago to develop, own, and manage safe, sanitary, and suitable affordable housing properties for income qualifying individuals. A branch manager serves on the board of this non-profit.
- **Junior Achievement of Rhode Island (JA)** - JA is dedicated to educating underserved youth in grades K-12 about financial literacy, work readiness, and entrepreneurship. JA's unique program approach brings volunteer role models from leading companies and the community to deliver these standards-based programs, providing students with a perspective that reaches far beyond the classroom. A senior vice president is a board member for JA, and as board member reviews and approves all financial matters of the organization.

### *Educational Programs and Seminars*

During the COVID-19 pandemic, BRI's education outreach slowed down. However, bank employees have participated in homebuyers and financial literacy programs as listed below.

- **West Elmwood Housing Development Corporation (WEHDC)** – Three BRI employees taught three classes in the organization's first-time homebuyers course targeted to low- and moderate-income individuals. Topics include homeownership advantages and disadvantages, the path home purchasing process, defining and calculating housing affordability, gross versus net income, introduction to mortgages and principal, interest, taxes and insurance (PITI), four Cs of credit (capacity, capital, collateral and credit), and budgeting. WEHDC helps neighborhoods with their affordable housing needs, and attendees of the course typically are in or are seeking affordable housing.
- **Pawtucket Central Falls Development Corporation (PCFDC)** – Two BRI mortgage specialists taught two sessions of a first-time home buyer's course for this organization covering affordability, budgeting, credit, and the mortgage pre-approval process. 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 four low-income census tracts.
- **AS220** – A senior credit analyst presented a financial literacy class to the students attending an AS220 summer learning program, a class of 25 students. The students received the FDIC Money Smarts for Adults Module 2: You can Bank On It, as well as materials on how to create a budget. AS220 provides a forum and programs for low-income youth using arts to open doors to higher education and employment.

### **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

### 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