

PUBLIC DISCLOSURE

May 16, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Brookline Bank
RSSD # 782306

2 Harvard Street
Brookline, Massachusetts 02445

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

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

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

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

PERFORMANCE LEVELS	BROOKLINE BANK		
	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 good responsiveness to assessment-area credit needs, taking into account the number and amount of home mortgage and small business loans in its assessment area.
- A substantial majority of loans are made in the bank’s assessment area.
- The bank demonstrates an adequate 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 banking practices.
- 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.

Investment Test

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

- The bank makes significant use of innovative or complex qualified investments.
- The bank exhibits good responsiveness to credit and community development needs.

Service Test

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

DESCRIPTION OF INSTITUTION

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

In February 2020, Brookline Bank completed its merger with First Ipswich Bank, Ipswich, MA (First Ipswich). First Ipswich was wholly owned by Brookline Bancorp since 2011. As a result of the merger, the six branch locations of First Ipswich were consolidated into Brookline Bank branches, resulting in an expansion of the Brookline Bank assessment area.

Brookline Bank operates a full-service branch at its headquarters in Brookline, MA. Including the main office branch in Brookline, the bank operates 30 full-service branch locations in Arlington (1), Bedford (1), Boston (2), Brookline (4), Burlington (1), Chestnut Hill (1), Danvers (1), Essex (1), Gloucester (1), Ipswich (1), Lexington (1), Malden (1), Medford (3), Needham (1), Newburyport (1), Newton (3), Rowley (1), Waltham (1), Wellesley (2), and West Roxbury (1). Hours of operation are consistent among the branches and drive-up automated teller machines (ATMs) services are offered at all branches. The bank also operates two stand-alone ATMs in Medford and Melrose, and two loan production offices (LPOs) located in Braintree and Wakefield.

As of March 31, 2022, Brookline Bank's assets totaled \$5.7 billion, with total loans of \$5.0 billion, and total deposits of \$4.6 billion. This is an increase since the previous examination in 2020, when assets totaled \$4.9 billion, total loans were \$4.4 billion and total deposits were \$3.5 billion. Over the course of the evaluation period, total assets increased 16.3 percent from December 31, 2019, while total loans increased 13.6 percent, and total deposits increased 31.4 percent. This increase is in part due to the bank's merger of First Ipswich; as of December 31, 2019, First Ipswich's asset size was \$466 million.

Table 1		
Loan Distribution as of March 31, 2022		
Loan Type	Dollar Amount \$(000s)	Percent of Total Loans (%)
Commercial RE	1,995,259	40.2
Commercial and Industrial	1,234,816	24.9
Multi-Family (5 or more) Residential	839,544	16.9
1-4 Family Residential	513,572	10.4
Revolving 1-4 Family Residential	205,172	4.1
Construction and Land Development	91,793	1.9
Consumer	43,328	0.9
Obligations of State & Political Subdivisions	23,874	0.5
Other Loans and Leases	11,494	0.2
Total Loans	4,958,852	100.0

Call Report as of March 31, 2022

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

The bank is primarily a commercial lender, with the largest portion of the loan portfolio, at 65.1 percent. Commercial loans primarily consist of commercial mortgage loans secured by nonfarm nonresidential properties, and commercial and industrial loans. Residential loans, accounting for 31.4 percent, consist of first lien closed-end and open-end mortgages secured by 1-4 family properties, and multi-family properties. Construction and land development loans and obligations of state and political subdivisions represent 1.9 percent and 0.5 percent of the loan portfolio, respectively. Other types of loans and consumer loans account for the balance of the loan portfolio.

Brookline Bank offers several consumer loan products, including fixed-rate and adjustable-rate mortgages, home equity loans and lines of credit, and personal loans. Furthermore, the bank offers several types of commercial/business loans including term loans, lines of credit, commercial mortgages, and Small Business Administration (SBA) guaranteed loans.

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

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

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, as of June 30, 2021, there were approximately 101 financial institutions offering deposit services within the four counties that the bank operates. Competition for deposits includes large national banks, community banks, and trust companies. Although not a retail deposit or retail banking services institution, State Street Bank & Trust Company, ranked first for deposit market share, at 36.5 percent, followed by Bank of America, NA, which ranked second, at 20.1 percent, and Citizens Bank, NA, which ranked third, at 10.3 percent. Brookline Bank ranked 15th with a deposit market share of 0.9 percent.

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

Brookline Bank was last examined by the Federal Reserve Bank of Boston for compliance with the CRA on February 10, 2020, using large bank institution examination procedures and received an overall rating of “Satisfactory.”

The CRA requires a financial institution to define an assessment area where it focuses its lending efforts and within which its CRA performance will be evaluated. Brookline Bank has one assessment area, which is in the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA), which is further subdivided into three Metropolitan Divisions, (MDs): the Boston, MA MD (Boston MD), the Cambridge-Newton-Framingham, MA MD (Cambridge MD), and the Rockingham County-Strafford County, NH MD (Rockingham MD). The assessment area includes a portion (317 of 435 census tracts) of the Boston MD, and a portion (399 of 481 census tracts) of the Cambridge MD. The assessment area does not include any portion of the Rockingham MD. The assessment area is comprised of 83 whole, contiguous cities and towns. Within the Boston MD, the assessment area includes a portion of Norfolk County and the entirety of Suffolk County; Plymouth County is entirely excluded. Within the Cambridge MD, the assessment area includes a portion of Middlesex County, and the entirety of Essex County. The assessment area increased, with the addition of Essex County, since the most recent CRA examination on February 10, 2020.

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

MSA	MD	Counties	Cities/Towns
Boston-Cambridge-Newton, MA-NH MSA	Cambridge-Newton-Framingham, MA MD	<i>Middlesex</i>	Acton, Arlington, Ashland, Bedford, Belmont, Billerica, Burlington, Cambridge, Carlisle, Concord, Everett, Framingham, Lexington, Lincoln, Malden, Maynard, Medford, Melrose, Natick, Newton, North Reading, Reading, Sherborn, Somerville, Stoneham, Sudbury, Wakefield, Waltham, Watertown, Wayland, Weston, Wilmington, Winchester, and Woburn.
		<i>Essex</i>	Amesbury, Andover, Beverly, Boxford, Danvers, Essex, Gloucester, Haverhill, Ipswich, Lawrence, Lynn, Lynnfield, Marblehead, Methuen, Nahant, Newburyport, Peabody, Rockport, Rowley, Salem, Salisbury, Saugus, Swampscott, and Topsfield.
	Boston, MA MD	<i>Norfolk</i>	Avon, Braintree, Brookline, Canton, Dedham, Dover, Holbrook, Medfield, Millis, Milton, Needham, Norfolk, Norwood, Quincy, Randolph, Sharon, Stoughton, Walpole, Wellesley, Westwood, and Weymouth
		<i>Suffolk</i>	Boston, Chelsea, Revere, and Winthrop

Bank-provided data.

Relevant 2020 demographic data for the bank’s assessment area is provided in Table 3. The 2019 demographics are similar to the 2020 demographics with only slight differences to the small business information.

Table 3 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	95	13.3	80,097	10.6	21,074	26.3	187,650	24.8
Moderate-income	147	20.5	143,549	19.0	19,200	13.4	121,190	16.0
Middle-income	250	34.9	283,519	37.5	14,498	5.1	141,584	18.7
Upper-income	210	29.3	248,061	32.8	6,824	2.8	305,845	40.4
Unknown-income	14	2.0	1,043	0.1	163	15.6	0	0.0
Total Assessment Area	716	100.0	756,269	100.0	61,759	8.2	756,269	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	141,947	29,655	4.2	20.9	102,095	71.9	10,197	7.2
Moderate-income	278,915	105,638	15.1	37.9	153,637	55.1	19,640	7.0
Middle-income	501,049	291,847	41.8	58.2	181,222	36.2	27,980	5.6
Upper-income	396,883	269,702	38.6	68.0	106,061	26.7	21,120	5.3
Unknown-income	4,063	1,086	0.2	26.7	2,555	62.9	422	10.4
Total Assessment Area	1,322,857	697,928	100.0	52.8	545,570	41.2	79,359	6.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	22	2.8	20	2.6	2	10.0	0	0.0
Moderate-income	89	11.3	89	11.6	0	0.0	0	0.0
Middle-income	281	35.8	272	35.6	8	40.0	1	100.0
Upper-income	393	50.0	383	50.1	10	50.0	0	0.0
Unknown-income	1	0.1	1	0.1	0	0.0	0	0.0
Total Assessment Area	786	100.0	765	100.0	20	100.0	1	100.0
	Percentage of Total Businesses:			97.3		2.5		.1

2020 FFIEC Census Data and 2020 D&B Information
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

As shown in Table 3, Brookline Bank’s assessment area contains 716 census tracts, of which 95 are low-income census tracts, 147 are moderate-income census tracts, 250 are middle-income census tracts, 210 are upper-income census tracts, and 14 are unknown income census tracts. The 14 unknown income census tracts generally represent parks, cemeteries, and golf courses.

Housing

The assessment area contains 1,322,857 housing units, of which 10.7 percent are in low-income census tracts; and 21.1 percent are in moderate-income census tracts. A majority of the housing units are located in the middle- and upper-income census tracts, with 37.9 percent located in middle-income census tracts, and 30.0 percent located in upper-income census tracts. Of the housing units, 52.8 percent are owner-occupied, 41.2 percent are rental, and 6.0 percent are vacant units.

Of the 697,928 owner-occupied housing units, 4.2 percent are in low-income census tracts and 15.1 percent are in moderate-income census tracts, while a majority, 41.8 percent, and 38.6 percent, respectively, are in middle- and upper-income census tracts. Of the 545,570 rental units in the assessment area, 18.7 percent are in low-income census tracts, 28.1 percent are in moderate-income census tracts, 33.2 percent are in middle-income census tracts, and 19.4 percent are in upper-income census tracts. Of the 79,359 vacant units, 12.8 percent are in low-income census tracts, and 24.7 percent are in moderate-income census tracts. Vacant units in the middle- and upper-income census tracts are 35.3 percent and 26.6 percent. Of the housing units in low-income census tracts, 20.9 percent are owner-occupied, 71.9 percent are rental, and 7.2 percent are vacant. Of the housing units in moderate-income census tracts, 37.9 percent are owner-occupied, 55.1 percent are rental, and 7.0 percent are vacant. Comparatively, in Massachusetts housing units comprise 19.8 percent of owner-occupied, 70.8 percent rentals, and 9.4 percent vacant units in low-income census tracts. Within moderate-income census tracts, 40.4 percent are owner-occupied housing units, 48.8 percent are rentals, and 10.8 percent are vacant units.

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

Of the housing units in the assessment area, 959,630, or 72.5 percent, are 1-4 family units and 363,227, or 27.5 percent, are multi-family units. Of the 1-4 family units, 9.2 percent are in low-income census tracts and 19.8 percent are in moderate-income census tracts, 39.2 percent are in middle-income census tracts, and 31.7 percent are in upper-income census tracts. Of the multi-family units, 14.9 percent are in low-income census tracts, and 24.4 percent are in moderate-income census tracts, while units located in middle- and upper-income census tracts represent 34.4 percent and 25.6 percent, respectively. Mobile homes represent 0.3 percent.

A review of 2020 housing statistics indicates that the median sale prices of homes in Suffolk, Middlesex, Essex, and Norfolk Counties were \$660,000, \$590,000, \$476,500, and \$545,000, respectively. These were notably higher than the state-wide median housing sale price for Massachusetts, which was \$435,000 in 2020. The higher median sale prices in the assessment area poses significant challenges to housing affordability.

Additionally, according to the November 2020 edition of the Beige Book, published by the Federal Reserve System, it was noted that labor markets in the Boston region were mixed, varying by sector with tourism and hospitality particularly impacted. However, strong demand for real estate and continued increases in sales and prices were also noted. Retailers and staffing firms were continuing to recover toward pre-pandemic levels.

Business Characteristics

According to the 2020 Dun & Bradstreet, Short Hills, NJ (D&B) data, there are 178,765 businesses in the assessment area, of which 41.1 percent are in upper-income census tracts, 35.9 percent are located in middle-income census tracts, 14.7 percent are located in moderate-income census tracts, 7.9 percent are located in low-income census tracts, and 0.5 percent are located in unknown-income census tracts. Of total businesses located within the assessment area, 161,012, or 90.1 percent, are small businesses with recorded gross annual revenues of less than or equal to \$1 million.

Based on the labor market data on the Massachusetts Labor and Workforce Development website, major employers within the Boston-Cambridge-Newton, MA MSA, New England City and Town Area (NECTA)¹ include Brigham and Women's Hospital, Dana Farber Cancer Institute, Massachusetts General Hospital, Partners Healthcare System, Raytheon Systems Intl. Co., and Beth Israel Deaconess Medical Center.

Population

The bank's assessment area has a population of 3,253,657 individuals. A majority of the population, 1,196,558 or 36.8 percent, and 1,000,128 or 30.7 percent, reside in middle- and upper-income census tracts, respectively. The population located in the moderate-income census tracts represent 20.7 percent, or 674,787, while 11.5 percent, or 374,083, are in the low-income census tracts.

The assessment area includes 1,243,498 households. Households in the assessment area are distributed as follows: 30.2 percent are upper-income households, 38.0 percent are middle-income households, 20.9 percent are moderate-income households, and 10.6 percent are low-income households. Households below the poverty line consist of 12.2 percent. Of the total households, 756,269 are families. The majority, 37.5 percent, of families are middle-income. Upper-income families represent 32.8 percent of the assessment area, while moderate- and low-income families represent 19.0 percent, and 10.6 percent, respectively. Approximately 61,759 families within the assessment area, or 8.2 percent, are below the poverty level.

Income

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

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

Table 4 Median Family Income Comparison	
MSA/MD/State	FFIEC Estimated MFI
	2020
Boston, MA (MD)	\$109,800
Cambridge-Newton-Framingham, MA (MD)	\$118,800
Commonwealth of Massachusetts	\$109,900

2020 FFIEC median family income estimates.

The MFIs for the Boston, MA (MD), Cambridge-Newton-Framingham, MA (MD), and the Commonwealth of Massachusetts are based on the annual FFIEC MFI estimates. While the assessment area’s MFIs compare favorably to the Commonwealth of Massachusetts, the cost of rising home prices, compared to family income, makes homeownership difficult for many borrowers.

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

Employment Statistics

The unemployment rate fluctuated over the examination period. According to the U.S. Bureau of Labor Statistics, the national unemployment rate was 3.7 percent in 2019, and increased to 8.1 percent in 2020, because of the COVID-19 pandemic. Massachusetts unemployment was 3.1 percent in 2019, and 9.5 percent in 2020. By county, Middlesex County’s unemployment was 2.4 percent in 2019, and 7.8 percent in 2020; Norfolk County’s unemployment was 2.7 percent in 2019, and 8.9 percent in 2020; Suffolk County’s unemployment was 2.7 percent in 2019, and 10.3 percent in 2020; and Essex County’s unemployment was 3.1 percent in 2019, and 10.4 percent in 2020. While unemployment rates declined in each community from 2020 to 2021, unemployment figures were still higher than the pre-pandemic unemployment rates.

SCOPE OF EXAMINATION

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

The Lending Test evaluates the bank’s lending performance pursuant to the following criteria: lending activity, geographic distribution of loans, borrower’s characteristics, community development lending activity, and innovative or flexible lending practices. The Investment Test evaluates the bank’s performance pursuant to the following criteria: amount of qualified investments, innovativeness or complexity of qualified investments, responsiveness of qualified investments to credit and community development needs, and degree to which the qualified investments are not routinely provided by private investors. The Service Test evaluates the

bank's performance pursuant to the following criteria: current distribution of bank branches, record of opening and closing branches, availability and effectiveness of alternative systems for retail bank services and range of services provided. In addition, the extent to which the bank provides community development services and the innovativeness and responsiveness of community development services are assessed.

The Lending Test considered the bank's small business, home mortgage, and community development lending. The evaluation included small business and Home Mortgage Disclosure Act (HMDA) reportable loans originated by the bank from January 1, 2019, through December 31, 2020. Information for 2019 and 2020 is reported in tables unless otherwise noted. 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.

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 (65.1 percent) and residential real estate (31.4 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 conclusions under the Lending Test. Small business loan data was obtained from the small business loan registers produced and maintained by Brookline Bank, as required for large banks under the CRA. Small business loans include nonfarm nonresidential real estate and commercial and industrial loans with original loan amounts of \$1 million or less.

To evaluate performance, the bank's small business and residential loan data was compared to applicable aggregate and demographic data. Aggregate data for small business lending was obtained from the FFIEC and demographic information obtained from D&B. For the bank's residential performance, the aggregate data was obtained from the Consumer Finance Protection Bureau (CFPB) and consists of lending information from all HMDA reporters that originated or purchased residential mortgage loans in the assessment areas and demographic information obtained from the 2020 FFIEC Census Data. Further, in response to the COVID-19 pandemic in 2020, the SBA administered the Paycheck Protection Program (PPP) loans as part of the Coronavirus Aid, Relief, and Economic Security Act (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. For the community development component of the Lending Test, the Investment Test, and the Service Test, the evaluation period spanned from the prior CRA examination on February 10, 2020, to the current evaluation date of May 16, 2022. Community development activities are evaluated as a component of each, in the context of community development needs of the assessment area and the bank's capacity to meet those needs.

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

A community contact was conducted with a representative of a non-profit organization serving neighborhoods within Boston. The organization is a community development corporation (CDC) based in Boston that works with partners to build and sustain thriving, economically diverse communities in Hyde Park, Roslindale, and parts of Mattapan. The organization works to prevent displacement, particularly of low- and moderate-income families and elderly residents, create and preserve affordable housing, strengthen the commercial base of the neighborhoods, ensure access to good transit, protect conservation land and waterways, and promote climate resilience. The contact stated that opportunities for banks to make an impact include affordable housing, economic development, and resources to help communities affected by the COVID-19 pandemic, as tenants are losing their jobs and facing nonpayment of their rents. The contact also stated businesses need support as they are barely hanging on from the COVID-19 pandemic and creating new start-up businesses is a challenge. Finally, the contact indicated Hyde Park could also use better access to personal loans and capital.

A second community contact was conducted with a representative from a CDC serving the North Shore area of Massachusetts. The organization provides affordable housing to a variety of people in the assessment area, including fixed-income elders, families and individuals who have experienced homelessness, essential workers and their families, and those with disabilities. Additionally, the organization provides crucial supportive services to its residents, such as intensive care for seniors, social connections, financial coaching, life-enriching activities, and health and personal care services. The contact noted that donations and favorable financing are the organization's most critical needs from local financial institutions. The contact also noted that many local financial institutions support the organization via donations, financing, and equity investments. The contact specifically mentioned Brookline Bank as a supportive financial institution.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

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

Lending levels reflect good responsiveness to assessment-area credit needs, taking into account the number and amount of home mortgage and small business loans in its assessment area. A substantial majority of loans are made in the bank's assessment area. The bank demonstrates an adequate 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 banking practices. 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

Brookline Bank's lending levels reflect good responsiveness to assessment area credit needs, considering the number and amount of home mortgage and small business loans in its assessment area. This criterion evaluates the number and amount of the bank's home mortgage and small business loans. The bank originated 2,639 small business and residential loans during 2019 and 2020. The bank originated 1,446 small business loans in total for 2019 and 2020. Small business lending significantly increased over this period, as a result of PPP loans to small businesses because of the COVID-19 pandemic. Of the 1,193 HMDA-reportable loans, which represented 45.2 percent of total loans, the majority of loans by category were refinances (40.1 percent), followed closely by home improvements (33.2 percent), and home purchases (21.9 percent), while the multi-families represented 4.9 percent.

Based on the 2019 and 2020 CRA Market Peer Report, Brookline Bank ranked 51st out of 169 CRA reporters and 20th out of 251 CRA reporters, respectively, reflecting a significant increase in market rank. According to the 2019 and 2020 HMDA Market Peer Report, the bank ranked 46th out of 601 lenders, and 64th of 624 lenders, respectively, for home mortgage loans originated and/or purchased within the assessment area.

Distribution of Lending within the Assessment Area

This criterion evaluates the concentration of loans originated by the bank within its assessment area. As shown below, a substantial majority of loans are in the bank's assessment area. Table 5

presents the bank’s levels of lending inside and outside the assessment area for the evaluation period.

Table 5										
Lending Inside and Outside the Assessment Area										
Loan Type	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
Home Purchase	230	88.1	121,018	89.8	31	11.9	13,680	10.2	261	134,698
Home Improvement	368	92.9	68,094	94.2	28	7.1	4,166	5.8	396	72,260
Multi-Family Housing	42	72.4	200,473	71.2	16	27.6	80,983	28.8	58	281,456
Refinancing	454	95	179,722	94.9	24	5	9,636	5.1	478	189,358
Total HMDA	1,094	91.7	569,307	84	99	8.3	108,465	16	1,193	677,772
Total Small Business	1,324	91.6	214,228	87.2	122	8.4	31,558	12.8	1,446	245,786
TOTAL LOANS	2,418	91.6	783,535	84.8	221	8.4	140,023	15.2	2,639	923,558

HMDA and small business data January 1, 2019 through December 31, 2020.

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

As Table 5 notes, a substantial majority of residential mortgage and small business loans, by number and dollar amount, were made within the bank’s assessment area. While the table provides the combined performance for 2019 and 2020, performance was consistent over both years.

Small Business Lending

A substantial majority of small business loans were originated inside the assessment area. By number the bank originated 1,446 small business loans, of which 1,324 loans, or 91.6 percent, were inside the assessment area. By dollar volume, 87.2 percent were inside the assessment area. 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 originated a substantial majority of the bank’s residential mortgage loans inside the assessment area during the review period. By number the bank originated 1,193 home mortgage loans during both years under review, with 1,094, or 91.7 percent of HMDA loans inside the assessment area. Similarly, the majority of loans by dollar volume were also extended within the assessment area.

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of loans to census tracts of all income levels. The geographic distribution of loans is adequate throughout the assessment area.

Small Business Lending

Table 6 represents the distribution of small business loans by census tract income level. The bank’s geographic distribution of small business loans in the assessment area is adequate.

Table 6 Geographic Distribution of Small Business Loans														
PRODUCT TYPE	Tract Income Levels	Bank & Aggregate Lending Comparison												
		2020	2019						2020					
		Total Businesses	Count			Dollar			Count			Dollar		
			Bank	Agg	%	Bank	Agg	%	Bank	Agg	%	Bank	Agg	%
		%	#	%	%	\$ 000s	\$ %	\$ %	#	%	%	\$ 000s	\$ %	\$ %
SMALL BUSINESSES	Low	7.9%	5	4.2%	8.0%	\$1,100	3.6%	7.5%	43	3.8%	7.8%	\$8,294	5.4%	7.1%
	Moderate	14.7%	16	13.4%	16.4%	\$3,998	13.0%	14.3%	119	10.5%	15.8%	\$17,462	11.3%	13.5%
	Middle	35.9%	47	39.5%	36.7%	\$14,137	45.9%	37.9%	480	42.4%	36.0%	\$62,619	40.5%	36.7%
	Upper	41.1%	49	41.2%	38.2%	\$11,381	36.9%	39.6%	485	42.8%	39.9%	\$64,379	41.6%	42.0%
	Unknown	0.5%	2	1.7%	0.4%	\$210	0.7%	0.5%	6	0.5%	0.4%	\$2,006	1.3%	0.7%
	Tr Unknown		0	0.0%	0.3%	\$0	0.0%	0.1%	0	0.0%	0.1%	\$0	0.0%	0.0%
	Total	100.0%	119	100.0%	100.0%	\$30,826	100.0%	100.0%	1,133	100.0%	100.0%	\$154,760	100.0%	100.0%

D&B 2019 & 2020. CRA data for 2019 and 2020.

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

The bank’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, the bank originated 5 loans, or 4.2 percent, to businesses in low-income census tracts, which was below the aggregate, at 8.0 percent, and below the total businesses by tract, at 7.9 percent. Within moderate-income census tracts, the bank originated 16 loans, or 13.4 percent, which was also below the aggregate at 16.4 percent, and below the total businesses by census tract, at 14.7 percent. The majority of the bank’s loans were originated in middle- and upper-income census tracts, exceeding the aggregate and demographic figures in middle- and upper-income census tracts.

In 2020, the bank originated 43 loans, or 3.8 percent, to businesses in low-income census tracts, which was below the aggregate, at 7.8 percent, and below the total businesses by tract, at 7.9 percent. The bank originated 119 loans, or 10.5 percent, to businesses in moderate-income census tracts, trailing the aggregate, at 15.8 percent, and total businesses, at 14.7 percent. While the bank’s performance under this criterion lagged that of the aggregate, the increase in number of loans in low- and moderate-income tracts in 2020 is notable. The majority of the bank’s loans were originated in middle- and upper-income census tracts, exceeding the aggregate and demographic figures in middle- and upper-income tracts.

Within the bank’s assessment area, much larger national banks dominated the small business lending market and may have impeded the bank’s ability to secure a larger share of the loans. The top three small business lenders in 2019, within the assessment area, include American Express Bank, Bank of America, NA, and JP Morgan Chase Bank, NA, Brookline Bank ranked

51st in 2019. In 2020, American Express Bank, Bank of America, and Citizens Bank, NA held the first three positions, respectively, while Brookline Bank ranked 20th. Despite the high competition driven by large national banks established in the Boston market, the bank remains competitive within its defined market.

Residential Lending

Table 7 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 overall geographic distribution of HMDA-reportable loans is considered adequate.

Table 7 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	4.2%	7	5.7%	6.7%	\$3,884	5.4%	5.3%	3	2.8%	6.0%	\$1,110	2.3%	4.6%
	Moderate	15.1%	18	14.8%	18.1%	\$14,522	20.2%	15.2%	14	13.0%	17.7%	\$4,048	8.2%	14.1%
	Middle	41.8%	53	43.4%	40.6%	\$24,814	34.5%	34.9%	43	39.8%	39.9%	\$18,034	36.7%	32.8%
	Upper	38.6%	44	36.1%	34.3%	\$28,691	39.9%	44.2%	48	44.4%	36.1%	\$25,915	52.8%	48.1%
	Unknown	0.2%	0	0.0%	0.3%	\$0	0.0%	0.4%	0	0.0%	0.3%	\$0	0.0%	0.3%
	Total	100.0%	122	100.0%	100.0%	\$71,911	100.0%	100.0%	108	100.0%	100.0%	\$49,107	100.0%	100.0%
REFINANCE	Low	4.2%	7	3.2%	4.5%	\$2,725	3.6%	3.8%	7	3.0%	3.7%	\$2,543	2.5%	3.2%
	Moderate	15.1%	26	12.0%	15.3%	\$5,576	7.3%	13.0%	34	14.3%	14.0%	\$13,432	13.0%	11.9%
	Middle	41.8%	69	31.8%	41.6%	\$18,171	23.9%	36.0%	72	30.4%	41.4%	\$23,403	22.6%	37.3%
	Upper	38.6%	114	52.5%	38.5%	\$49,268	64.7%	46.9%	121	51.1%	40.7%	\$62,708	60.5%	47.5%
	Unknown	0.2%	1	0.5%	0.2%	\$400	0.5%	0.3%	3	1.3%	0.2%	\$1,496	1.4%	0.2%
	Total	100.0%	217	100.0%	100.0%	\$76,140	100.0%	100.0%	237	100.0%	100.0%	\$103,582	100.0%	100.0%
HOME IMPROVEMENT	Low	4.2%	4	2.3%	3.9%	\$417	1.3%	3.7%	5	2.6%	3.5%	\$596	1.7%	3.5%
	Moderate	15.1%	22	12.5%	14.5%	\$3,338	10.3%	13.6%	14	7.3%	12.5%	\$1,385	3.9%	11.3%
	Middle	41.8%	65	36.9%	42.7%	\$9,522	29.4%	36.3%	77	40.1%	41.3%	\$11,097	31.1%	36.0%
	Upper	38.6%	85	48.3%	38.8%	\$19,143	59.0%	46.5%	96	50.0%	42.6%	\$22,596	63.3%	49.2%
	Unknown	0.2%	0	0.0%	0.1%	\$0	0.0%	0.0%	0	0.0%	0.1%	\$0	0.0%	0.1%
	Total	100.0%	176	100.0%	100.0%	\$32,420	100.0%	100.0%	192	100.0%	100.0%	\$35,674	100.0%	100.0%
MULTI FAMILY	Low	14.9%	2	8.7%	23.8%	\$1,907	1.4%	14.0%	4	21.1%	25.2%	\$35,800	53.2%	15.2%
	Moderate	24.4%	6	26.1%	28.2%	\$69,216	52.0%	26.6%	4	21.1%	30.1%	\$4,640	6.9%	30.0%
	Middle	34.4%	5	21.7%	27.7%	\$10,791	8.1%	33.0%	3	15.8%	28.5%	\$2,821	4.2%	37.5%
	Upper	25.6%	10	43.5%	20.1%	\$51,263	38.5%	26.3%	8	42.1%	15.8%	\$24,035	35.7%	17.1%
	Unknown	0.8%	0	0.0%	0.2%	\$0	0.0%	0.1%	0	0.0%	0.3%	\$0	0.0%	0.2%
	Total	0.0%	23	100.0%	100.0%	\$133,177	100.0%	100.0%	19	100.0%	100.0%	\$67,296	100.0%	100.0%
HMDA TOTALS	Low	4.2%	20	3.7%	5.4%	\$8,933	2.8%	5.1%	19	3.4%	4.4%	\$40,049	15.7%	4.2%
	Moderate	15.1%	72	13.4%	16.3%	\$92,652	29.5%	14.8%	66	11.9%	15.0%	\$23,505	9.2%	13.4%
	Middle	41.8%	192	35.7%	41.1%	\$63,298	20.2%	35.1%	195	35.1%	40.8%	\$55,355	21.7%	35.8%
	Upper	38.6%	253	47.0%	37.0%	\$148,365	47.3%	44.7%	273	49.1%	39.6%	\$135,254	52.9%	46.4%
	Unknown	0.2%	1	0.2%	0.2%	\$400	0.1%	0.3%	3	0.5%	0.2%	\$1,496	0.6%	0.3%
	Total	100.0%	538	100.0%	100.0%	\$313,648	100.0%	100.0%	556	100.0%	100.0%	\$255,659	100.0%	100.0%

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 7, in 2019 the bank originated 20 home mortgage loans, or 3.7 percent, in low-income census tracts, lagging the aggregate, at 5.4 percent, and owner-occupied housing units in these tracts, at 4.2 percent. Within moderate-income census tracts, the bank originated 72 loans, or 13.4 percent, which lagged the aggregate at 16.3 percent, and the percentage of owner-occupied housing units, at 15.1 percent. The majority of the bank's loans were originated in middle- and upper-income tracts. Brookline Bank extended 35.7 percent in middle-income tracts, lagging the aggregate and demographics, at 41.1 percent and 41.8 percent, respectively. However, loans in upper-income tracts, 47.0 percent, exceeded the aggregate and demographics, at 37.0 percent and 38.6 percent, respectively.

In 2020 the bank originated 19 home mortgage loans, or 3.4 percent, in low-income census tracts, lagging the aggregate, at 4.4 percent, and owner-occupied housing units in these tracts, at 4.2 percent. Within moderate-income census tracts, the bank originated 66 loans, or 11.9 percent, which lagged the aggregate, at 15.0 percent, and the percentage of owner-occupied housing units at 15.1 percent. The majority of the bank's loans were originated in middle- and upper-income tracts. Brookline Bank extended 35.1 percent in middle-income tracts, lagging the aggregate and demographics, at 40.8 percent and 41.8 percent, respectively. However, loans in upper-income tracts, 49.1 percent, exceeded the aggregate and demographics, at 39.6 percent, and 38.6 percent, respectively.

There are limited lending opportunities for HMDA-reportable loans in low- and moderate-income census tracts within the bank's assessment area, with 4.2 percent and 15.1 percent, respectively, of owner-occupied units. Overall, the bank's performance in low- and moderate-income tracts is considered adequate as compared to the aggregate and the demographics with no anomalies in performance across product categories.

In 2019 and 2020, the geographic distribution of home mortgage and small business loans reflects adequate penetration throughout the assessment area and there are no conspicuous gaps in lending unexplained by performance context. The assessment area included 95 low-income tracts and 147 moderate-income tracts. The bank originated loans within 18 low-income tracts, or 18.9 percent, and 59 moderate-income tracts, or 40.1 percent, in 2019. In 2020, the bank originated loans within 30 low-income tracts, or 31.6 percent, and within 80 moderate-income tracts, or 54.4 percent. As noted previously, the assessment area increased in February 2020 with the addition of Essex County, which helps explain the lower penetration in 2019.

Borrower Profile

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. Overall, Brookline Bank demonstrates a good distribution of loans to businesses of different sizes and among individuals of different income levels, given the product lines offered by the bank. The bank shows a good record of serving the credit needs of businesses with gross annual revenues (GAR) of \$1 million or less, and an adequate record of serving the credit needs of low-income individuals, consistent with safe and sound operations. Of note, Brookline Bank’s lending to small businesses with GARs of \$1 million or less exceeded the aggregate in 2019 and performance increased in 2020.

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

Product Type		Total Businesses	Bank & Aggregate Lending Comparison												
			2019						2020						
			Count			Dollar			Count		Dollar				
			#	%	%	\$ 000s	\$ %	\$ %	#	%	%	\$ 000s	\$ %	\$ %	
Small Business	Revenue	\$1 Million or Less	90.1%	70	58.8%	41.6%	\$16,474	53.4%	30.1%	90	7.9%	36.7%	\$22,976	14.8%	22.0%
		Over \$1 Million	9.3%	42	35.3%				38	3.4%					
		Total Rev. available	99.4%	112	94.1%				128	11.3%					
		Rev. Not Known	0.6%	7	5.9%				1,005	88.7%					
		Total	100.0%	119	100.0%				1,133	100.0%					
Small Business	Loan Size	\$100,000 or Less		49	41.2%	95.1%	\$2,523	8.2%	44.1%	736	65.0%	87.1%	\$26,781	17.3%	31.6%
		\$100,001 - \$250,000		26	21.8%	2.6%	\$4,691	15.2%	15.1%	218	19.2%	7.5%	\$34,948	22.6%	21.2%
		\$250,001 - \$1 Million		44	37.0%	2.2%	\$23,612	76.6%	40.8%	179	15.8%	5.3%	\$93,031	60.1%	47.2%
		Total		119	100.0%	100.0%	\$30,826	100.0%	100.0%	1,133	100.0%	100.0%	\$154,760	100.0%	100.0%

D&B 2019 & 2020. CRA data for 2019 and 2020.

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

As displayed in Table 8, in 2019, the bank exceeded the aggregate in extending small business loans to businesses with GARs under \$1 million. The bank originated 70 loans, or 58.8 percent, to businesses with GARs of \$1 million or less in 2019, which was well above the aggregate, at 41.6 percent. While the bank’s percentage was below the demographic indicator, for purposes of this analysis, more emphasis was placed on lending performance in comparison to aggregate lending data. The table also provides a breakout of the bank’s lending by loan size, as small-sized loans sometimes can serve to demonstrate a bank’s willingness to meet the need of small businesses when the actual revenues of the businesses is unavailable.

In 2020, while the number of loans to businesses with GARs of \$1 million or less increased to 90, the majority of loans, 1,005 or 88.7 percent, were to businesses with unknown revenues. These loans were made under the PPP program. The PPP did not require the collection of revenue data given the unique circumstances affecting borrowers and banks resulting from the COVID-19 pandemic. As mentioned above, smaller loan amounts may sometimes serve as a proxy for determining if loans were extended to smaller size businesses. As Table 8 shows, the

majority of PPP loans, 736 or 65.0 percent, had loan sizes of \$100,000 or less, indicating that the bank is helping to serve the needs of small businesses in the assessment area.

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

- **PPP** - In response to the COVID-19 pandemic, the bank originated 1,832 PPP loans, totaling \$324.5 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 504 Loan Program** - During the timeframe of this review, the bank made 3 SBA 504 loans, totaling \$2.8 million. The 504 Loan Program provides long-term, fixed rate financing of up to \$5 million for major fixed assets that promote business growth and job creation. 504 loans are available through Certified Development Companies, SBA's community-based partners who regulate nonprofits and promote economic development within their communities. Certified Development Companies are certified and regulated by the SBA.
- **SBA Express loans** - During the timeframe of this review, the bank made 19 SBA Express loans, totaling \$4.3 million. SBA Express loans are business loans that fall within the SBA's 7(a) loan program. This type of SBA loan can be used for a range of business purposes, including working capital or the purchase of equipment, real estate, or an existing business.

Residential Lending

Table 9 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The table further outlines the bank's performance by loan type in comparison to the aggregate group. The bank's performance in lending to individuals of different income levels, including low- and moderate-income borrowers, is adequate.

Table 9 HMDA Distribution by Borrower Income														
PRODUCT TYPE	Borrower Income Levels	Families by Family Income	Bank & Aggregate Lending Comparison											
			2019						2020					
			Count			Dollar			Count			Dollar		
			Bank	Agg	%	Bank	Agg	\$ %	Bank	Agg	%	Bank	Agg	\$ %
%	#	%	%	\$ (000s)	\$ %	\$ %	#	%	%	\$ (000s)	\$ %	\$ %		
HOME PURCHASE	Low	24.8%	5	4.1%	4.2%	\$862	1.2%	1.9%	3	2.8%	4.3%	\$525	1.1%	1.8%
	Moderate	16.0%	10	8.2%	17.6%	\$2,215	3.1%	11.3%	18	16.7%	18.5%	\$6,234	12.7%	11.6%
	Middle	18.7%	16	13.1%	21.6%	\$6,319	8.8%	17.7%	21	19.4%	21.3%	\$4,579	9.3%	16.8%
	Upper	40.4%	67	54.9%	43.9%	\$38,648	53.7%	54.7%	63	58.3%	44.7%	\$36,741	74.8%	53.6%
	Unknown	0.0%	24	19.7%	12.7%	\$23,867	33.2%	14.4%	3	2.8%	11.3%	\$1,028	2.1%	16.2%
	Total	100.0%	122	100.0%	100.0%	\$71,911	100.0%	100.0%	108	100.0%	100.0%	\$49,107	100.0%	100.0%
REFINANCE	Low	24.8%	13	6.0%	4.6%	\$1,669	2.2%	2.2%	11	4.6%	3.8%	\$1,580	1.5%	1.9%
	Moderate	16.0%	33	15.2%	15.4%	\$5,835	7.7%	10.3%	26	11.0%	15.7%	\$5,209	5.0%	10.9%
	Middle	18.7%	47	21.7%	22.6%	\$12,260	16.1%	18.7%	52	21.9%	23.8%	\$13,616	13.1%	20.1%
	Upper	40.4%	112	51.6%	45.4%	\$49,064	64.4%	55.9%	134	56.5%	46.6%	\$74,968	72.4%	54.6%
	Unknown	0.0%	12	5.5%	12.0%	\$7,312	9.6%	12.9%	14	5.9%	10.1%	\$8,209	7.9%	12.4%
	Total	100.0%	217	100.0%	100.0%	\$76,140	100.0%	100.0%	237	100.0%	100.0%	\$103,582	100.0%	100.0%
HOME IMPROVEMENT	Low	24.8%	8	4.5%	6.3%	\$732	2.3%	4.0%	19	9.9%	5.9%	\$1,490	4.2%	3.6%
	Moderate	16.0%	20	11.4%	16.3%	\$3,222	9.9%	11.0%	17	8.9%	14.9%	\$2,149	6.0%	11.0%
	Middle	18.7%	48	27.3%	25.2%	\$5,326	16.4%	19.7%	41	21.4%	23.8%	\$7,070	19.8%	19.3%
	Upper	40.4%	98	55.7%	48.3%	\$23,008	71.0%	54.6%	110	57.3%	51.8%	\$24,563	68.9%	56.8%
	Unknown	0.0%	2	1.1%	4.0%	\$132	0.4%	10.8%	5	2.6%	3.6%	\$402	1.1%	9.3%
	Total	100.0%	176	100.0%	100.0%	\$32,420	100.0%	100.0%	192	100.0%	100.0%	\$35,674	100.0%	100.0%
MULTI-FAMILY	Low	24.8%	0	0.0%	0.3%	\$0	0.0%	0.0%	0	0.0%	0.1%	\$0	0.0%	0.0%
	Moderate	16.0%	0	0.0%	0.3%	\$0	0.0%	0.1%	0	0.0%	0.1%	\$0	0.0%	0.0%
	Middle	18.7%	0	0.0%	0.3%	\$0	0.0%	0.0%	0	0.0%	0.2%	\$0	0.0%	0.0%
	Upper	40.4%	1	4.3%	2.0%	\$1,650	1.2%	0.4%	0	0.0%	1.0%	\$0	0.0%	0.3%
	Unknown	0.0%	22	95.7%	97.0%	\$131,527	98.8%	99.5%	19	100.0%	98.6%	\$67,296	100.0%	99.6%
	Total	100.0%	23	100.0%	100.0%	\$133,177	100.0%	100.0%	19	100.0%	100.0%	\$67,296	100.0%	100.0%
HMDA TOTALS	Low	24.8%	26	4.8%	4.6%	\$3,263	1.0%	2.0%	33	5.9%	4.0%	\$3,595	1.4%	1.8%
	Moderate	16.0%	63	11.7%	16.1%	\$11,272	3.6%	9.9%	61	11.0%	16.1%	\$13,592	5.3%	10.4%
	Middle	18.7%	111	20.6%	22.0%	\$23,905	7.6%	16.7%	114	20.5%	22.8%	\$25,265	9.9%	18.0%
	Upper	40.4%	278	51.7%	44.4%	\$112,370	35.8%	51.1%	307	55.2%	46.0%	\$136,272	53.3%	51.6%
	Unknown	0.0%	60	11.2%	12.9%	\$162,838	51.9%	20.3%	41	7.4%	11.2%	\$76,935	30.1%	18.2%
	Total	100.0%	538	100.0%	100.0%	\$313,648	100.0%	100.0%	556	100.0%	100.0%	\$255,659	100.0%	100.0%

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" and "NA" 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 9, the bank extended 26 loans to low-income borrowers in 2019, representing 4.8 percent of total loans and exceeding the aggregate, at 4.6 percent. While the bank and aggregate were below the percentage of low-income families, at 24.8 percent, it is not expected that the bank would match the percentage of low-income families due to the relatively high housing values as compared to MFIs. Affordability presents challenges for low-income families given the high median home values. The bank's loans to moderate-income borrowers, at 11.7 percent, fell below the aggregate and percentage of moderate-income families, at 16.1 percent and 16.0 percent, respectively. The bank's originations to middle-income borrowers also

lagged the aggregate but exceeded the percentage of middle-income families in 2019, while originations to upper-income borrowers exceeded the aggregate and percentage of upper-income families.

In 2020, the bank extended 33 loans, or 5.9 percent, to low-income borrowers, which again exceeded the aggregate, at 4.0 percent. The bank's percentage was also below the percentage of low-income families; however, as discussed, the bank is not expected to match the percentage of low-income families. The bank extended 61 loans, or 11.0 percent, to moderate-income borrowers, trailing the aggregate's 16.1 percent. The bank was able to extend 114 loans, or 20.5 percent, to middle-income borrowers, trailing the aggregate, at 22.8 percent, and exceeding the percentage of middle-income families, at 18.7 percent. The majority of the bank's loans, 307 or 55.2 percent, were made to upper-income borrowers. The bank's lending to upper-income borrowers exceeded the aggregate, at 46.0 percent, and the percentage of upper-income families, at 40.4 percent.

Brookline Bank makes use of innovative and/or flexible lending practices in serving the credit needs of its assessment area through its First Time Homebuyer Program (FTHP). The bank's FTHP offers first time homebuyers financing at a reduced rate and a waived processing fee. During the evaluation period Brookline Bank originated 32 loans, totaling \$13.1 million, as part of its FTHP program.

Community Development Lending

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

The bank demonstrates it is a leader in making community development loans. The bank originated 45 qualified community development loans, totaling \$137.5 million. This is a significant increase from the prior examination. Of the 45 qualified community development loans, 18 were PPP loans to help businesses keep their workforce employed during the COVID-19 crisis. The bank made 33 loans, totaling \$97.9 million, inside the assessment area. Fifteen of these community development loans supported affordable housing, 14 supported economic development, and 4 supported revitalization and stabilization of low- and moderate-income geographies. Of the 33 loans inside the assessment area, 14 were PPP loans, totaling \$23.5 million. This lending activity is particularly responsive, as both community contacts noted a significant need for affordable housing in the area. Notable examples of the community development loans originated inside the assessment area are provided below.

- In 2020, the bank approved a \$14.7 million loan to assist in the redevelopment of a former mill building into over 300 residential apartments in a low-income census tract. This activity helps to revitalize and stabilize a low-income geography and address a lack of housing.

- In 2021, the bank extended an additional \$5.0 million to a non-profit college that is relocating to a new state-of-the-art campus in a low-income census tract. The new campus will benefit the students and faculty, along with helping to revitalize and stabilize a low-income census tract.
- In 2021, the bank approved a \$34.0 million loan for the construction and development of a project comprised of 293 residential apartments, including 74 affordable housing units. The bank received pro-rata community development credit for this loan of approximately \$8.5 million.
- In 2022, the bank extended a \$909,500 loan to a non-profit in Middlesex County for the acquisition and renovation of two properties to create 31 rooms of affordable housing for the chronically homeless.

During the evaluation period, Brookline Bank also made 12 loans, totaling \$39.7 million, outside the assessment area but within the broader statewide area. These community development loans supported affordable housing and economic development. Of the 12 loans, 4 were PPP loans, totaling \$10.0 million. A sampling of the bank's community development lending activity outside the assessment area is provided below.

- In 2021, the bank approved a \$17.3 million loan to finance the brand-new construction of a 63-unit affordable housing development located in Wareham, MA.
- In 2020, the bank approved a \$8.2 million loan to a non-profit for the renovation of a 132-units of senior affordable housing in East Longmeadow, MA.

INVESTMENT TEST

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

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

The bank's overall investments totaled \$20,881,991, including \$19,666,659 in equity investments, \$1,142,830 in donations and grants, and \$72,502 in Interest on Lawyers' Trust Accounts (IOLTA).

Equity Investments

As mentioned above, the outstanding value of qualified equity investments during the examination totaled \$19,666,659. The bank received credit for a total of \$7,364,000 in new equity investments for this examination period. Both prior period and new equity investments are in the form of Low-Income Housing Tax Credits (LIHTCs) that support the creation and preservation of affordable housing, an identified community development need within the assessment area.

New Equity Investments

The bank committed \$7,364,000 in two new equity investments specifically benefiting the assessment area and the broader statewide area of Massachusetts:

- **The Residences of South Brookline** – The bank committed to an equity investment of \$6,364,060 in LIHTCs that support the creation of 35 income-restricted apartments for people earning less than fifty percent of the area median income.
- **Massachusetts Housing Investment Corporation (MHIC) Equity Fund XXVII LLC** - The bank committed \$1,000,000 to the MHIC Equity Fund XXVII LLC in 2021. The investment was made to acquire interests in various limited partnerships and/or limited liability companies that will engage in low-income housing improvement projects within Massachusetts, including within the assessment area, which will qualify for LIHTCs and economic redevelopment of disadvantaged neighborhoods.

Prior Period Equity Investments

The outstanding book value of 15 qualified LIHTCs made during previous examinations totaled \$12,294,524, examples of which include:

- \$94,824 in book value for the acquisition and rehabilitation of a 128-unit lodging house that provides affordable housing.
- \$121,533 in book value for the acquisition, rehabilitation, and preservation of 193 units of affordable housing.
- \$270,885 in book value for the historic renovation of 32 units of affordable housing.
- \$581,453 in book value for the redevelopment of a 32-unit affordable housing property located within the bank's assessment area.
- \$305,260 in book value towards the rehabilitation of 198 affordable housing units for the disabled and elderly.
- \$6,598,894 in book value for the participation in low-income housing tax credits for the construction of a 45-unit affordable housing community located in Rhode Island, outside the bank's assessment area.

Grants and Donations

Table 10 displays the bank and charitable foundation’s qualified grants and donations by year and community development purpose.

Table 10 Qualified Donations by Purpose								
Community Development Category	2020 (as of February 11)		2021		2022 YTD		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	15	\$72,700	19	\$128,500	11	\$114,750	45	\$315,950
Community Services	61	\$313,630	56	\$359,250	31	\$135,500	148	\$808,380
Economic Development	2	\$6,000	1	\$10,000	0	\$0	3	\$16,000
Revitalization / Stabilization	1	\$2,500	0	\$0	0	\$0	1	\$2,500
Total	79	\$394,830	76	\$497,750	42	\$250,250	197	\$1,142,830

Source: Internal Bank data

Current period qualified donations totaled \$1,142,830, an increase from \$940,773 at the previous evaluation.

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

Action Inc. - Action Inc. is a non-profit organization in northeastern Massachusetts that is dedicated to empowering people and building a stronger, more productive community. They offer affordable housing and homelessness prevention, fuel assistance and energy conservation programs, and education and job training.

Bottom Line – Bottom Line was founded 25 years ago to erase the significant opportunity gap between the wealthiest, most supported students and their low-income, less resourced peers. Each year, they help more than 2,500 first-generation students from low-income communities get into college, graduate, and establish themselves in mobilizing careers – providing greater access to the economic and social mobility that can break generational cycles of poverty and lack of opportunity.

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

Greater Boston Food Bank – The Greater Boston Food Bank works to end hunger across Eastern Massachusetts by providing neighbors in need the healthy food and resources they need to thrive.

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

South Middlesex Opportunity Council (SMOC) - SMOC has a mission to improve the quality of life of low-income and disadvantaged individuals and families by advocating for their needs and rights; providing services; educating the community; building a community of support; participating in coalitions with other advocates and searching for new resources and partnerships.

Steps to Success, Inc. - The mission of Steps to Success is to promote equity for students from low-income families in Brookline by expanding their horizons, building upon their skills, and supporting their educational journey in order to maximize their life choices.

SERVICE TEST

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

Retail Banking Services

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

Table 11 displays the distribution of the bank’s current branch network compared to the percentage of census tracts within the assessment area as well as the percentage of the population that resides in those tracts.

Table 11 Distribution of Branch Offices by Income Category				
Census Tract Income Category	Assessment Area Demographics		Bank Offices by Tract Location	
	Total Census Tracts	Total Population	#	%
	% of #	% of #		
Low	13.3	11.5	2	6.7
Moderate	20.5	20.7	1	3.3
Middle	34.9	36.8	12	40.0
Upper	29.3	30.7	15	50.0
Unknown	2.0	0.3	0	0
Total	100	100	30	100

2020 FFIEC Census Data

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area. As mentioned above, the bank operates 30 full-service branches. Fifteen of the branches are located in upper-income census tracts, 12 are in middle-income census tracts, 1 is in moderate-income census tract, and 2 branches are located in low-income tracts. The branches in low-income tracts are located in Malden and Gloucester, while the branch in the moderate-income census tract is located in Medford. Furthermore, several of the bank's branches located in middle- and upper-income tracts are accessible to the area's low- and moderate-income geographies and individuals.

The bank also provides alternative delivery systems. As previously mentioned, the bank maintains a website at www.brooklinebank.com, which provides customers with access to online banking, online bill pay, and eStatements 24 hours a day. Brookline Bank also provides a free mobile banking service that allows customers to check balances, see transaction history, receive account alerts, make transfers, pay bills, send person-to-person payments, manage ATM and debit cards, and deposit checks. Telephone and mail banking options are available as well.

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

Changes in Branch Locations

To the extent changes have been made, the bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. In 2021, the bank closed one branch located in a middle-income census tract in Burlington, MA; customers were provided notice and their accounts were moved to an existing nearby branch also in Burlington, MA. Additionally, following the bank's acquisition of First Ipswich Bank in 2020, First Ipswich's six branches became Brookline Bank branches. The bank also operates two LPOs, one in Braintree and one in Wakefield, both located in middle-income census tracts, but servicing the entire assessment area, including low- and moderate-income tracts.

Reasonableness of Business Hours and Services

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

Community Development Services

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

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

The following details examples of involvement in community development activities:

- **Caritas Communities** – Caritas Communities prevents homelessness by providing very low-income individuals with permanent housing, support, a sense of community and expanded opportunities. Since 1985, Caritas Communities has helped fill the need for safe, secure housing in Greater Boston. The bank's CRA officer serves as a member of Ambassador Council.
- **Somerville Homeless Coalition** – This nonprofit organization works to provide homeless and near homeless individuals and families with supportive services, transportation assistance, financial literacy, and tailored housing solutions with a goal of obtaining and maintaining affordable housing. A branch manager serves on the board of this organization.
- **Supportive Living, Inc.** – Supportive Living, Inc. is a non-profit organization that provides housing and services to people who have sustained brain injuries. A prospective resident must be classified as very low-income and eligible for HUD² and MassHealth programs. The president and CEO serves on the board of this organization.

² United States Department of Housing and Urban Development

- **Operation Able of Greater Boston** – Operation Able of Greater Boston’s mission is to empower its community of job seekers, the underemployed, those in career transition, and military veterans who need job support services to re-enter the workforce. The director of retail banking serves on the organization’s finance committee and a regional manager serves on the board.

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

- **Families First** – Numerous bank employees taught financial literacy program participants. Families First brings parents of young children together in their communities so they can strengthen their parenting knowledge, skills, and support systems.
- **First Time Homebuyer Seminars** – Several bank employees taught various first-time homebuyer courses in conjunction with the Waltham Alliance to Create Housing (WATCH). WATCH is an organization in Waltham promoting affordable housing, adult education and leadership development, empowering underrepresented residents through civic engagement. The first time home buyer course contains important information for first-time home buyers, such as information about credit, debit, budgeting, qualifying for a mortgage, shopping for a home, the legal aspects of home buying, and the responsibilities of being a homeowner.
- **BUILD** – The bank’s director of marketing serves as a mentor in the BUILD entrepreneurship program. This organization provides youth from under-resourced communities with the financial education they need to become entrepreneurs, while still preparing for college. The program teaches high school students how to build a business plan, how to grow a business or start a new one, and how to secure seed capital. BUILD also offers students many opportunities to connect with the Boston business community to develop and refine their new skills and growing confidence.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A

GLOSSARY

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

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

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

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

Community development: All Agencies have adopted the following language. Affordable housing (including multi-family 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 multi-family (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.

Multi-family: 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.