

PUBLIC DISCLOSURE

February 10, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Brookline Bank
Certificate Number: 17798

2 Harvard Street
Brookline, Massachusetts 02445

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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 Division of Banks concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Satisfactory**.

The Massachusetts Division of Banks (Division) assigns ratings for Large Bank Community Reinvestment Act (CRA) examinations pursuant to Regulatory Bulletin 2.3-102, the Division’s CRA Ratings Policy. The following table displays Brookline Bank’s performance with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Satisfactory		X	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 Lending Test is rated High Satisfactory.

- Lending levels reflects good responsiveness to assessment area credit needs.
- A substantial majority of loans are made inside the Bank’s assessment area.
- The geographic distribution of loans reflects adequate penetration throughout the assessment area.
- The distribution of borrowers reflects adequate penetration among borrowers of different income levels and businesses of different sizes.
- The Bank has made a relatively high level of community development loans.
- The Bank makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs.

The Investment Test is rated Satisfactory

- The Bank has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.
- The Bank exhibits good responsiveness to credit and community economic development

needs.

- The Bank occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated Satisfactory

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

SCOPE OF EVALUATION

General Information

This Evaluation covers the period from the prior Evaluation dated October 16, 2017, to the current Evaluation dated February 10, 2020. Examiners used the Federal Financial Institutions Examination Council's (FFIEC) Interagency Large Institution Examination Procedures to evaluate Brookline Bank's CRA performance. These procedures subject the Bank to three tests by which it will be evaluated: the Lending Test, Investment Test, and Service Test.

The Lending Test was based on small business and home mortgage loans originated by the Bank within its assessment area in 2017 and 2018. Examiners used aggregate data and 2015 American Community Survey (ACS) demographic data to analyze performance under the Lending Test. The Investment Test considered the number and dollar amount of qualified community development investments made since the prior evaluation, including the number and dollar amount of any qualified prior period investments not yet at maturation. Similarly, the Service test considered the extent of the Bank's qualified community development services performed since the prior evaluation.

Loan Products Reviewed

Examiners determined that the Bank's major product lines are home mortgage and small business loans. This conclusion considered the Bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

As part of the Lending Test, examiners considered home mortgage and small business loans based on the Bank's business strategy and the number and dollar volume of loan originations during the evaluation period. The loan portfolio consisted primarily of small business loans, therefore, examiners attributed more weight to small business lending activity than home mortgage lending when evaluating lending activity during the evaluation period. Although the Lending Test reflects the number and dollar volume of loans, examiners assigned more weight to the number of loans because those figures better indicate the number of individuals and businesses served.

This Evaluation considered all small business loans reported on the Bank's CRA Loan Register in 2017 and 2018. For home mortgage loans, examiners analyzed all those loans reported on the Bank's 2017 and 2018 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). Home mortgage lending included 177 originated loans totaling approximately \$177.3 million in 2017 and 737 originated loans totaling approximately \$400.3 million in 2018.

DESCRIPTION OF INSTITUTION

Background

Brookline Bank is a state-chartered commercial bank headquartered at 2 Harvard Street, Brookline, Massachusetts, and first chartered in 1871. The Bank is a wholly-owned subsidiary of Brookline Bancorp, a multi-bank holding company that also (as of the date of this Evaluation) controls Bank Rhode Island and First Ipswich Bank. Brookline Bank has five subsidiaries: Ajax Development LLC, BBS Investment Corp., Brookline Bancorp 1031 Exchange Services LLC, Eastern Funding LLC, and Longwood Securities Corp.

The Bank received a “Satisfactory” rating at its previous Massachusetts Division of Banks CRA Performance Evaluation dated October 16, 2017, when it was evaluated using Interagency Large Institution Examination Procedures.

Operations

Brookline Bank operates 25 full-service branches in its assessment area, spanning Middlesex, Norfolk, and Suffolk Counties. Branch offices are located in Arlington, Bedford, Boston (3), Brookline (5), Burlington (2), Chestnut Hill, Lexington, Malden, Medford (3), Needham, Newton (3), Waltham, and Wellesley (2). Standalone ATMs are located in the Lawrence Memorial Hospital in Medford and the Melrose-Wakefield Hospital in Melrose. In addition, the Bank operates two loan production offices, both of which were opened since the prior evaluation; no branches were opened or closed in that same period.

In February of 2018, Brookline Bancorp acquired First Commons Bank, which was subsequently merged with Brookline Bank. Following the consummation of the merger, the Bank closed both branches which it had taken possession of. Neither closure had a material impact on the Bank’s ability to service low- and moderate-income individuals and geographies—both branches had been located in upper-income census tracts and were situated near existing Brookline Bank branch locations.

As of the date of this Evaluation, the Bank had received regulatory approval to merge with First Ipswich Bank. The merger occurred on February 14, 2020. This evaluation does not incorporate any of First Ipswich Bank’s CRA-related activities, nor is it an assessment of First Ipswich Bank’s CRA performance.

Brookline Bank offers an array of loan products, including mortgages, home equity loans and lines of credit, short term personal loans, overdraft lines of credit, commercial loans and lines of credit, SBA loans, and condominium association loans. Deposit products include checking and savings accounts for individuals and businesses. The Bank also maintains Interest on Lawyers’ Trust Accounts (IOLTA), the interest from which helps fund improvements in the administration of justice and delivery of legal service to low-income clients. As of the date of this Evaluation, the Bank maintained 140 such accounts, with a total balance of approximately \$10 million. The Bank additionally offers personal investment advisory services, business credit cards, and foreign exchange services. Alternative banking services include mobile and online banking, as well as mobile wallets.

Ability and Capacity

Assets totaled approximately \$5.0 billion as of December 31, 2019, and included total loans of \$4.5 billion and securities totaling \$258.7 million. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 12/31/2019		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	142,774	3.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	732,825	16.4
Secured by Multi-family (5 or more) Residential Properties	668,384	14.9
Secured by Non-farm Non-Residential Properties	1,596,965	35.6
Total Real Estate Loans	3,140,948	70.1
Commercial and Industrial Loans	1,255,162	28.0
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer	38,097	0.9
Obligations of States and Political Subdivisions in the United States	38,008	0.8
Other Loans	191	0.0
Lease Financing Receivables (net of unearned income)	8,768	0.2
Total Loans	4,481,174	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the Bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

Brookline Bank's assessment area includes municipalities within both the Boston, MA Metropolitan Division (MD) and Cambridge-Newton-Framingham MD. The assessment area did not change since the prior Evaluation. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The assessment area consists of 553 census tracts that reflect the following income designations according to 2015 ACS data:

- 58 low-income census tracts,
- 116 moderate-income census tracts,
- 182 middle-income census tracts,
- 184 upper-income census tracts, and
- 13 census tracts without an income designation.

The U.S. Census Bureau updates census data every five years. The most recent update was due to the 2015 ACS, which became effective in 2017. As a result, several census tract designations within the assessment area have changed since the previous Evaluation. Changes include a loss of three low-income census tracts, a gain of four moderate-income census tracts, a loss of nine middle-income census tracts, a gain of seven upper income tracts, and a gain of one census tract without an income designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	553	10.5	21.0	32.9	33.3	2.4
Population by Geography	2,489,808	9.0	21.3	34.9	34.5	0.3
Housing Units by Geography	1,014,963	8.3	21.3	35.8	34.1	0.4
Owner-Occupied Units by Geography	516,635	3.1	14.4	38.1	44.2	0.2
Occupied Rental Units by Geography	438,951	14.2	29.0	33.6	22.6	0.6
Vacant Units by Geography	59,377	10.6	24.7	32.2	31.8	0.7
Businesses by Geography	198,708	5.9	14.4	32.8	46.2	0.6
Farms by Geography	2,777	2.4	11.2	36.2	50.1	0.1
Family Distribution by Income Level	563,888	23.6	15.3	18.2	42.8	0.0
Household Distribution by Income Level	955,586	26.9	13.9	15.5	43.7	0.0
Median Family Income MSA - 14454 Boston, MA MD		\$90,699	Median Housing Value			\$459,179
Median Family Income MSA - 15764 Cambridge-Newton- Framingham, MA MD		\$100,380	Median Gross Rent			\$1,373
			Families Below Poverty Level			8.0%
<i>Source: 2015 ACS Census and 2018 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Examiners use the FFIEC median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table represents the low-, moderate-, middle-, and upper-income categories based on the 2017 and 2018 FFIEC median family income for the Boston, MA and Cambridge-Newton-Framingham, MA MDs.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2017 (\$94,300)	<\$47,150	\$47,150 to <\$75,440	\$75,440 to <\$113,160	≥\$113,160
2018 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2017 (\$104,800)	<\$52,400	\$52,400 to <\$83,840	\$83,840 to <\$125,760	≥\$125,760
2018 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
<i>Source FFIEC</i>				

Low- and moderate-income census tracts comprise 31.5 percent of the census tracts within the assessment area. The population consists of 30.3 percent low- or moderate-income individuals.

12 percent of families in the assessment area are below the poverty level, which includes the 16.2 percent of families within the Boston, MA MD below the poverty level, indicating the availability of community development opportunities within the assessment area.

The median housing value within the assessment area is \$459,179, but low- and moderate-family income ranges were below \$75,440 (2017) and \$79,440 (2018) in the Boston, MA MD, and below \$83,840 (2017) and \$88,240 (2018) in the Cambridge-Newton-Framingham, MA MD, respectively, indicating limited borrowing opportunities for families within these income designations. Accordingly, opportunities to originate home mortgage loans to low- and moderate-income individuals are similarly limited.

According to the U.S. Bureau of Labor and Statistics, the average unemployment rate of the Boston-Cambridge-Newton, MA NECTA Division was 3.2 percent in 2017 and 2.8 percent in 2018, below statewide unemployment rates of 3.8 percent in 2017 and 3.4 percent in 2018.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. According to 2018 Dun & Bradstreet Corporation (D&B) data, the assessment area consisted of 198,708 non-farm businesses with the following GAR levels.

- 83.0 percent have \$1 million or less
- 7.5 percent have more than \$1 million
- 9.5 percent have unknown revenues

Competition

The assessment area is highly competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2019, 78 financial institutions operated 744 full-service branches within the assessment area. Of these, Brookline Bank ranked 11th with a 1.1 percent deposit market share. The top three financial institutions made up 71.4 percent of the deposit market share.

According to 2017 peer mortgage data, 572 lenders originated 90,717 home mortgage loans worth approximately \$42.6 billion within the assessment area. Brookline Bank ranked 104th with a 0.2 percent market share by number of loans and 0.4 percent market share by total dollar amount. The top three financial institutions were national lenders with a combined market share of 15.1 percent. The average loan amount was \$470,000, a figure that highlights the need for affordable housing community development initiatives aimed at low- and moderate-income individuals who typically would not qualify for a loan of that size.

2017 peer small business data indicates 166 lenders originated 75,613 small business loans worth approximately \$2.5 billion within the assessment area. Brookline Bank ranked 36th with a 0.2 percent market share by number of loans and 1.7 percent by total dollar amount. The top three financial institutions were national lenders with a combined market share of 49.6 percent.

Community Contact

As part of the evaluation process, examiners contacted third party organizations active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to those needs and helps examiners ascertain what credit and community development opportunities are available.

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

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

Credit and Community Development Needs and Opportunities

Considering information from the community contact, Bank management, and demographic and economic data, examiners determined that affordable housing and economic development are the primary community development opportunities of the assessment area. Examiners also identified a need for credit products that provide options for first-time homebuyers and low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Brookline Bank demonstrated good performance under the Lending Test. The following sections address overall Bank performance for each Lending Test component.

Lending Activity

This performance criterion considers the volume of the Bank’s lending in relation to its financial condition and resources. The Bank’s lending levels reflect good responsiveness to assessment area credit needs. Across 2017 and 2018, the Bank originated 1,270 small business and home mortgage loans totaling \$683.6 million. Of these, 305 small business loans totaling approximately \$88.5 million and 790 home mortgage loans totaling approximately \$429.4 million were located inside the assessment area.

The Bank originated 560 more home mortgage loans in 2018 than it did in 2017, an increase of 316.4 percent. This significant increase in the number of home mortgage loans originated is primarily attributable to changes in Regulation C, the regulation that implements HMDA, which, among other items, mandated certain financial institutions—Brookline Bank included—report home equity lines of credit on their HMDA LARs. With respect to small business lending, the Bank originated two fewer loans in 2018 than it did in 2017, a marginal decrease of 1.1 percent.

Assessment Area Concentration

Brookline Bank made a substantial majority of its home mortgage and small business loans by number and dollar volume within the assessment area. The following table illustrates the Bank’s home mortgage and small business lending activity inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2017	145	81.9	32	18.1	177	155,673	87.8	21,613	12.2	177,286
2018	645	87.5	92	12.5	737	273,769	68.4	126,483	31.6	400,252
Subtotal	790	86.4	124	13.6	914	429,442	74.4	148,096	25.6	577,538
Small Business										
2017	149	83.2	30	16.8	179	40,789	79.8	10,315	20.2	51,104
2018	156	88.1	21	11.9	177	47,682	86.8	7,253	13.2	54,935
Subtotal	305	85.7	51	14.3	356	88,471	83.4	17,568	16.6	106,039
Total	1,095	86.2	175	13.8	1,270	517,913	75.8	165,664	24.2	683,577
<small>Source: Evaluation Period: 1/1/2017 - 12/31/2018 Bank Data Due to rounding, totals may not equal 100.0</small>										

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area. The Bank's good performance with respect to small business lending activities supports this conclusion. Examiners focused on the percentage by number of loans originated in low- and moderate-income census tracts.

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. The distribution of small business loans in low- and moderate-income census tracts supports this conclusion. Examiners weighed the Bank's performance against aggregate performance and demographic data (the percentage of businesses) for 2017, and against demographic data for 2018, as aggregate performance for that year was unavailable as of the date of this Evaluation.

In 2017, the Bank originated 14 loans, or 9.4 percent of total loans, to businesses in low-income census tracts, above both aggregate performance and the percentage of businesses. Also in 2017, the Bank originated 25 loans, or 16.8 percent of total loans, to businesses in moderate-income census tracts, above aggregate performance and the percentage of businesses.

In 2018, the Bank originated nine loans, or 5.8 percent of total loans to businesses in low-income tracts, approximating the percentage of businesses. It originated 26 loans, or 16.7 of total loans to businesses in moderate-income census tracts, above the percentage of businesses.

The following table illustrates the dispersion of small business loans by census tract income designation within the assessment area in 2017 and 2018.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	5.9	5.5	14	9.4	2,069	5.1
2018	5.9	--	9	5.8	1,977	4.1
Moderate						
2017	14.4	15.5	25	16.8	4,842	11.9
2018	14.4	--	26	16.7	8,013	16.8
Middle						
2017	32.8	34.5	62	41.6	17,507	42.9
2018	32.8	--	50	32.1	14,672	30.8
Upper						
2017	46.3	44.0	47	31.5	15,801	38.7
2018	46.2	--	71	45.5	23,020	48.3
Not Available						
2017	0.6	0.6	1	0.7	570	1.4
2018	0.6	--	0	0.0	0	0.0
Totals						
2017	100.0	100.0	149	100.0	40,789	100.0
2018	100.0	--	156	100.0	47,682	100.0
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. Home mortgage lending activity in low- and moderate-income census tracts supports this conclusion.

The percentage of home mortgage loans originated in low-income census tracts exceeded both aggregate performance and demographic data (the percentage of owner-occupied housing units) in 2017. The percentage of home mortgage loans originated in moderate-income census tracts fell below aggregate performance and demographic data in 2017. Market share data indicates strong competition for loans in low-income tracts in 2017 and 2018. In 2017, MSB ranked 24th out of 228 lenders and in 2018 ranked 14th out of 217 lenders. MSB was the top ranked state-chartered institution in originating loans in moderate-income tracts in 2018.

In 2017, the percentage of loans originated in moderate-income census tracts was below aggregate performance and demographic data. For 2018, the Bank fell below aggregate performance but slightly exceeded demographic data.

Market share data indicates strong competition for loans in moderate-income tracts in 2017 and 2018. In both years, large national banks and mortgage companies accounted for over 21.0 percent of all loans in moderate-income tracts. In 2017, MSB ranked 24th out of 228 lenders and in 2018 ranked 14th out of 217 lenders. MSB was the top ranked state-chartered institution in originating loans in moderate-income tracts in 2018.

The following table illustrates the dispersion of home mortgage loans by census tract income designation within the assessment area in 2017 and 2018.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	3.1	4.3	8	5.5	3,384	2.2
2018	3.1	4.0	24	3.7	13,719	5.0
Moderate						
2017	14.4	17.4	19	13.1	36,193	23.2
2018	14.4	16.9	96	14.9	65,682	24.0
Middle						
2017	38.1	38.0	52	35.9	39,881	25.6
2018	38.1	37.1	207	32.1	65,594	24.0
Upper						
2017	44.2	40.0	64	44.1	74,817	48.1
2018	44.2	41.6	317	49.1	128,573	47.0
Not Available						
2017	0.2	0.3	2	1.4	1,398	0.9
2018	0.2	0.3	1	0.2	200	0.1
Totals						
2017	100.0	100.0	145	100.0	155,673	100.0
2018	100.0	100.0	645	100.0	273,769	100.0
<i>Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 & 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different size. The Bank's good performance with respect to small business lending activities supports this conclusion. Examiners focused on lending activity to low- and moderate-income individuals and to businesses with GARs below \$1 million.

Small Business Loans

The distribution of borrowers reflects good penetration among business customers of different size.

In 2017, the percentage of loans to businesses with GARs of \$1 million or less was 7.7 points above aggregate performance. Bank performance in lending to businesses with GARs less than \$1 million remained relatively consistent in 2018. Aggregate performance for 2018 was unavailable.

The following table shows the percentage of small business loans originated within the assessment area to businesses with GARs below and above \$1 million in 2017 and 2018.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2017	83.0	47.3	82	55.0	18,094	44.4
2018	83.0	--	74	47.4	23,377	49.0
>1,000,000						
2017	7.7	--	52	34.9	21,687	53.2
2018	7.5	--	68	43.6	21,648	45.4
Revenue Not Available						
2017	9.4	--	15	10.1	1,008	2.5
2018	9.5	--	14	9.0	2,657	5.6
Totals						
2017	100.0	100.0	149	100.0	40,789	100.0
2018	100.0	--	156	100.0	47,682	100.0

*Source: 2017 & 2018 D&B Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

Home Mortgage Loans

The distribution of borrowers reflects adequate penetration among retail customers of different income levels. The Bank's lending performance with respect to low-income borrowers primarily supports this conclusion.

In 2017, the Bank's performance in lending to low-income borrowers equaled aggregate performance. Also in 2017, the Bank's performance in lending to moderate-income borrowers fell below aggregate performance by 7.1 points.

In 2018, the Bank's performance in lending to low-income borrowers was above aggregate performance. For the same year, its performance in lending to moderate-income borrowers fell below aggregate performance.

The following table illustrates the dispersion of home mortgage loans by borrower income level within the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	23.6	3.4	5	3.4	832	0.5
2018	23.6	4.3	42	6.5	5,166	1.9
Moderate						
2017	15.3	13.3	9	6.2	1,569	1.0
2018	15.3	13.4	71	11.0	12,430	4.5
Middle						
2017	18.2	22.1	21	14.5	8,589	5.5
2018	18.2	21.4	125	19.4	28,096	10.3
Upper						
2017	42.8	49.4	77	53.1	50,464	32.4
2018	42.8	48.6	349	54.1	129,230	47.2
Not Available						
2017	0.0	11.9	33	22.8	94,219	60.5
2018	0.0	12.2	58	9.0	98,848	36.1
Totals						
2017	100.0	100.0	145	100.0	155,673	100.0
2018	100.0	100.0	645	100.0	273,769	100.0

*Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 & 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Innovative and Flexible Lending

Brookline Bank makes limited use of innovative and flexible lending practices in order to serve assessment area credit needs. For retail customers who are first time homebuyers, the Bank offers a mortgage product with lower down payments, rates, and/or fees. During the evaluation period, the Bank originated 10 such loans totaling approximately \$3.5 million.

For business customers, the Bank offers flexible Small Business Administration (SBA) Express and 504 loans. The SBA Express Loan Program provides loans up to \$350,000 to small businesses with an accelerated approval process which results in a response to the application within 36 hours. The SBA guarantees up to 50 percent of these loans and requires no collateral on loans of \$25,000 or less. The 504 Loan Program provides approved small businesses with long-term, fixed-rate financing used to acquire fixed assets for expansion or modernization, and are made available through Certified Development Companies (CDCs). As of the date of this Evaluation, the Bank made 33 loans between the two SBA programs, 25 of which were still in servicing, carrying a total outstanding balance of approximately \$2.5 million.

Community Development Lending

Brookline Bank has made a relatively high level of community development loans. During the evaluation period, it originated or renewed nine community development loans totaling \$88.8 million. Of these loans, five totaling approximately \$22.5 million were made to borrowers or developments located within the assessment area. Because examiners determined that the Bank reasonably met the needs of its assessment area, consideration was given to community development loans made outside of the assessment area but which benefit the broader statewide or regional area that includes the Bank’s assessment area.

At the prior CRA Evaluation, the Bank originated or renewed four community development loans totaling \$7.6 million.

The total dollar amount of community development loans originated during the evaluation period represents 1.8 percent of total assets and 2.0 percent of total loans, which are significantly higher ratios when compared to the last Evaluation. The following table illustrates the Bank’s community development lending activity by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
10/16/2017-12/31/2017	0	0	0	0	1	4,000	0	0	1	4,000
2018	2	6,880	0	0	0	0	1	48,000	3	54,880
2019	4	17,949	1	12,000	0	0	0	0	5	29,949
YTD 2020	0	0	0	0	0	0	0	0	0	0
Total	6	24,829	1	12,000	1	4,000	1	48,000	9	88,829

Source: Bank Records

The following are examples of Brookline Bank’s community development loans:

- In 2017, the Bank originated a \$4 million loan to a business development corporation that functions as a CRA investment vehicle, promoting economic development in the assessment area by providing financing to small- and middle-market companies. The Bank’s loan will help support the business’s lending operations.
- In 2018, the Bank, as part of a larger participation loan, originated a \$48 million loan to an LLC to provide for the redevelopment of a mill building located in Lawrence, Massachusetts. The loan proceeds will be used to develop a 194-unit residential apartment building, and will repurpose 60,000 square feet of commercial space to be primarily occupied by a charter school. The subject property is located in a low-income census tract that has been improved by several million dollars in grant funds made by the MassWorks Infrastructure Program. Accordingly, this loan serves to revitalize a low-income geography. Although outside the assessment area, the loan benefits the broader regional area that includes the Bank’s assessment area.

- Also in 2018, the Bank originated a \$13.7 million revolving line of credit to a real estate developer and builder. The loan proceeds will be available for the Bank to provide letters of credit in lieu of bonding requirements for affordable housing construction contracts financed by the Bank and developed by the real estate company. As of the date of this Evaluation, the Bank had advanced \$2.2 million of the line of credit, the sum for which it receives CRA credit.
- In 2019, the Bank originated a \$12 million line of credit to a local college to refinance an existing loan and providing working capital. The college has long been integral to serving Greater Boston's low- and moderate-income population—eligible Boston residents coming from low-income households (per HUD guidelines) can receive up to three years of free college tuition and fees; the average family income of its student body is \$24,000; and over half of its students are the first generation to attend college. As such, this loan's purpose is to provide community services to low- and moderate-income individuals.

Discriminatory or Other Illegal Credit Practices

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

Fair Lending Policies and Procedures

The Division provides comments regarding an institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair Lending Policy. Based upon a review of the Bank's public comment file and compliance with applicable fair lending laws and regulations, examiners did not identify any violations of those laws or regulations.

Minority Application Flow

Examiners reviewed the Bank's 2017 and 2018 HMDA LARs to determine if the Bank's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2015 ACS U.S. Census data, the Bank's assessment area contains a population of 2,489,808 individuals, of which 34.0 percent are minorities. The assessment area's minority population is 10.1 percent Black/African American, 10.1 percent Asian, 0.1 percent American Indian, 10.7 percent Hispanic or Latino, and 2.9 percent Other.

In 2017, the Bank received 180 HMDA-reportable loan applications from within its assessment area. Of these applications, the Bank received nine, or 5.0 percent, from racial minorities, seven of which were originated. Compare to aggregate data, which indicates 18.1 percent of applications received were from racial minorities. For the same period, no applications were received from Hispanic-only applicants and three or 1.7 percent were received from joint

Hispanic/non-Hispanic applicants, whereas aggregate data indicates 5.9 percent of total applications were received from these ethnic groupings in the assessment area.

In 2018, the Bank received 840 HMDA-reportable loan applications from within its assessment area. The significant increase in the number of applications received was attributable to changes in Regulation C, as described in the Lending Activity subsection of the Lending Test. Of all HMDA-reportable applications received in 2018, the Bank received 118, or 14.1 percent, from racial minorities, of which 76 or 6.4 percent were originated. Compare to aggregate data, which indicates 19.2 percent of applications were received from racial minorities. For the same period, the Bank received 36 applications, or 4.3 percent, from Hispanic-only applicants, and 10 or 1.2 percent from joint Hispanic/non-Hispanic applicants, whereas aggregate data indicates 6.2 percent of total applications were received from these ethnic groups in the assessment area.

The Bank's performance in 2017 and 2018 with respect to applications received from racial minorities fell below aggregate performance for Asian and Black/African American applicants. The same held true for borrowers of Hispanic origin, although the Bank's performance improved considerably in 2018.

The following table details the Bank's minority application flow and aggregate data in its assessment area.

RACE	2017 Bank		2017 Aggregate Data	2018 Bank		2018 Aggregate Data
	#	%	%	#	%	%
American Indian/Alaska Native	0	0.0	0.2	9	1.1	0.3
Asian	4	2.2	10.4	76	9.1	11.1
Black/African American	0	0.0	5.3	13	1.6	5.5
Hawaiian/Pacific Islander	3	1.7	0.1	0	0.0	0.2
2 or more Minority	0	0.0	0.1	2	0.2	0.2
Joint Race (White/Minority)	2	1.1	2.0	18	2.1	1.9
Total Minority	9	5.0	18.1	118	14.1	19.2
White	77	42.8	59.4	515	61.3	58.1
Race Not Available	94	52.2	22.5	207	24.6	22.7
Total	180	100.0	100.0	840	100.0	100.0
ETHNICITY						
Hispanic or Latino	0	0.0	4.7	36	4.3	5.0
Not Hispanic or Latino	83	46.1	72.0	595	70.8	70.7
Joint (Hisp/Lat/Not Hisp/Lat)	3	1.7	1.2	10	1.2	1.2
Ethnicity Not Available	94	52.2	22.1	199	23.7	23.1
Total	180	100.0	100.0	840	100.0	100.0

INVESTMENT TEST

Brookline Bank demonstrated adequate performance under the Investment Test. The Bank has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The Bank exhibits good responsiveness to credit and community economic development needs. The number and dollar volume of equity investments increased from the previous evaluation.

Investment Activity

Brookline Bank made an adequate level of qualified investments, totaling approximately \$19.7 million. This figure includes approximately \$10.3 million in prior period investments, for which the Bank was credited according to the current book value of those investments. The Bank made three equity investments worth approximately \$8.5 million during the evaluation period. In sum, including qualified grants and donations, the Bank made 107 qualified investments worth approximately \$19.7 million, representing a decrease by number but increase by dollar volume when compared to the previous Evaluation. Refer to the following table.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	12	7,753	0	0	1	2,508	0	0	13	10,261
10/16/2017-12/31/2017	0	0	0	0	0	0	0	0	0	0
2018	1	1,000	0	0	0	0	0	0	1	1,000
2019	2	7,470	0	0	0	0	0	0	2	7,470
YTD 2020	0	0	0	0	0	0	0	0	0	0
Subtotal	15	16,223	0	0	1	2,508	0	0	16	18,731
Qualified Grants & Donations	24	369	66	561	1	11	0	0	91	941
Total	39	16,592	66	561	2	2,519	0	0	107	19,672

Source: Bank Records

The following summarizes the Bank's equity investments made during the evaluation period, notable examples of prior period investments, and notable examples of qualified grants and donations:

Prior Period Equity Investments

- **Healthy Neighborhoods Equity Fund I Limited Partnership.** The Bank continues to hold a stake in this fund, designed for the construction and rehabilitation of mixed-income, mixed-use commercial and residential developments in Massachusetts. The fund supplies equity financing to projects aimed at developing safe, healthy, walkable, and transit-oriented communities that offer high quality job opportunities and housing choices for local residents.
- **POAH Franklin Apartments, LLC.** The Bank continues to hold an investment in a low

income housing tax credit (LIHTC) currently worth approximately \$785,000 for the acquisition and renovation of 193 affordable housing units in Boston.

- **U.S. Small Business Administration.** In 2016, the Bank participated in a U.S. Small Business Administration Guaranteed Debenture for \$3 million. The amount of funds in the pool totaled \$993.0 million, which were to be distributed by Small Business Investment Companies to small businesses as equity capital, long term loans, and expert management assistance. The Bank continues to hold a stake in this pool, currently worth approximately \$2.5 million.

Equity Investments

- **Massachusetts Housing Investment Corporation (MHIC) Equity Fund XXIV and XXV.** The Bank participated in two equity offerings offered by MHIC—one in 2018 (Fund XXIV) and another in 2019 (Fund XXV). The funds are used as part of MHIC’s Housing Tax Credit program, which provides financing for affordable housing and community development projects that use federal LIHTCs or federal historic tax credits, or a combination of both. MHIC equity funds are used to finance new construction, rehabilitation of existing housing, and historic rehabilitation projects. MHIC is a nonprofit organization conceived by a consortium of banks to fill a critical gap in meeting the credit needs of affordable housing developers.
- **Lincoln Lofts.** In 2019, the Bank made an equity investment of approximately \$6.5 million to assist in the redevelopment of a mill building located in Lincoln, Rhode Island that, upon completion, will consist of 45 affordable housing units. The redevelopment will be financed through LIHTCs. Although outside the Bank’s assessment area, the proximity of the project to the Bank’s assessment area, coupled with the critical need for affordable housing in the region, makes it so this investment benefits the broader regional area that includes the Bank’s assessment area.

Qualified Grants and Donations

- **Community Investment Tax Credit (CITC) Program.** The CITC program, administered by the Massachusetts Department of Housing and Community Development, is designed to enable local residents and stakeholders to work with and through CDCs to partner with nonprofit, public, and private entities to improve economic opportunities for low and moderate income households and other residents in urban, rural, and suburban communities across the Commonwealth. Over the course of the evaluation period, the Bank made 10 donations totaling \$106,000 to various organizations under the CITC program. Of this sum, \$96,000 benefited affordable housing for low- and moderate-income individuals, and \$10,000 was for community services targeted to low- and moderate-income individuals. Recipient organizations included the Allston Brighton and Fenway CDCs, the Arlington Housing Corporation, Just-A-Start Corporation, and the Local Initiatives Support Corporation of Boston.
- **2Life Communities.** 2Life Communities (formerly Jewish Community Housing for the Elderly) provides affordable housing to seniors, the Boston-area’s fastest growing and most economically-challenged demographic group. With several campuses located

within the Bank's assessment area, the organization maintains hundreds of affordable housing units for seniors that meet HUD's low and extremely low income criteria; the median household income of a 2Life resident is \$10,100. The Bank donated \$100,000 to this organization over the course of the evaluation period.

- **Project Bread.** Project Bread is a nonprofit organization dedicated to preventing and ending hunger in Massachusetts through access to food for those in need while working to break the cycle of hunger through advocacy, education, and community action. The organization, among other initiatives, seeks to promote and connect the most vulnerable populations in Massachusetts with established and effective anti-hunger programs in their communities. The Bank donated \$25,000 to Project Bread between 2018 and 2019.
- **Waltham Alliance for Teaching, Community Organizing and Housing (WATCH).** WATCH, a CDC located in and serving Waltham, works towards a more just community by promoting and advancing affordable housing, providing adult education and leadership development, and empowering underrepresented residents through civic engagement. The Bank donated \$11,000 to the organization over the evaluation period.

Responsiveness to Credit and Community Development Needs

Brookline Bank exhibits good responsiveness to credit and community economic development needs. During the evaluation period, the Bank made several investments in the form of LIHTCs aimed at developing affordable housing in and near the Bank's assessment area. These investments are responsive to the critical need for affordable housing in the Greater Boston area, as identified by community contacts, examiner determinations, and affordable housing initiatives undertaken by state and local governments.

Innovativeness or Complexity of Qualified Investments

The Bank occasionally uses innovative and/or complex investments to support community development initiatives, primarily through its investments in LIHTCs. Qualifying LIHTC investments and donations were both innovative and complex.

SERVICE TEST

The Bank demonstrated adequate performance under the Service Test. The Bank's delivery systems are reasonably accessible to essentially all portions of its assessment area, however, low- and moderate-income individuals and geographies underserved relative to middle- and upper-income individuals and geographies. To the extent changes have been made, the Bank's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. Services (including, where appropriate, business hours) do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and individuals. Lastly, the Bank provides an adequate level of community development services.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of its assessment area, however, low- and moderate-income individuals and geographies underserved relative to middle- and upper-income individuals and geographies. Alternative delivery systems supplement the Bank's branches.

Distribution of Branches

The Bank operates 25 full services branches and maintains two standalone ATMs within the assessment area. As displayed in the following table, the distribution of branches compared to census tract income designations and income designations of those living in the assessment area is reasonable, but low- and moderate-income geographies and individuals are underserved relative to upper-income geographies and individuals. Low-income census tracts comprise 10.5 percent of the assessment area and low-income individuals nine percent of the population, but the Bank operates only a single branch (four percent of total branches) in a low-income census tract. Moreover, moderate-income census tracts comprise 21 percent of the assessment area and moderate-income individuals 21.3 percent of the population, whereas the Bank operates only a single branch (four percent of total branches) in a moderate-income census tract. Compare to branch locations with respect to upper-income geographies and individuals, which comprise 33.3 percent of the assessment area and 34.5 percent of the population respectively, while 60 percent of the Bank's branches are located in upper-income census tracts. Examiners took into consideration branches located in middle- and upper-income census tracts but which are in close proximity to low- and moderate-income tracts, a mitigating factor.

Branch and ATM Distribution by Geography Income Level						
Tract Income Level	Census Tracts		Population		Branches	
	#	%	#	%	#	%
Low	58	10.5	223,860	9.0	1	4.0
Moderate	116	21.0	529,268	21.3	1	4.0
Middle	182	32.9	869,983	34.9	8	32.0
Upper	184	33.3	858,596	34.5	15	60.0
NA	13	2.3	8,101	0.3	0	0.0
Total	553	100.0	2,489,808	100.0	25	100.0
<i>Source: 2015 ACS Data & Bank Records</i>						

The Bank operates two standalone ATMs; one located within a middle-income census tract, the other in an upper-income census tract. Additionally, the Bank operates two loan production offices, both of which were opened since the previous Evaluation and are located in middle-income census tracts.

Changes in Branch Locations

To the extent changes have been made, the Bank’s opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. The Bank acquired and subsequently closed two branches following its acquisition of First Commons Bank in 2018, both of which had been located in upper-income census tracts.

Reasonableness of Business Hours and Services

Services, including, where appropriate, business hours, do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and individuals. With the exception of its Boston-based branches, which operate Monday through Friday, the Bank’s branches are open from Monday to Saturday. Each branch location is open for at least 40 hours during the week.

Community Development Services

Brookline Bank demonstrates adequate responsiveness to the needs and opportunities of the communities it serves, primarily through employee involvement on the boards of various community organizations and the provision of educational seminars. During the evaluation period, Bank employees collectively devoted 1,190 services hours to qualified organizations. Employees devoted time to community development organizations supporting affordable housing, community services, economic development, neighborhood revitalization and stabilization initiatives, first-time homebuyer seminars, and financial literacy. The following details notable instances of the Bank’s community development services.

- **BUILD Greater Boston.** BUILD provides underserved Boston-area students with mentorship so as to learn the basics of entrepreneurship, building financial literacy skills in so doing. Multiple Bank employees served as mentors during the evaluation period.
- **2Life Communities.** This organization’s purpose is to provide affordable housing to

seniors. With several campuses located within the Bank's assessment area, 2Life Communities maintains hundreds of affordable housing units for seniors that meet HUD's low and extremely low income criteria; the median household income of a 2Life resident is \$10,100. A Bank employee serves as a director for the organization.

- **Somerville Homeless Coalition.** A nonprofit organization, the Somerville Homeless Coalition provides homeless and near-homeless individuals and families with individualized supportive services and tailored housing solutions with the goal of obtaining and maintaining affordable housing. A Bank employee serves as a director for the organization.
- **Southern Middlesex Opportunity Council (SMOC).** SMOC's mission is 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, and building community support. Founded in 1965 pursuant to the Economic Opportunity Act and the federal "war on poverty," the organization provides a range of services, including behavioral health, economic development, education, workforce development, housing services, and family and nutrition services. A Bank employee serves a director for the organization.

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.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Core Based Statistical Areas (CBSAs): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income 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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 that 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

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 to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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 Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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 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 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 Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

Qualified Investment: A 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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.